

Better understanding but little progress at Chequers

Maudling calls for all-Ulster talks

BY RICHARD EVANS and PHILIP RAWSTORNE

A NEW POLITICAL initiative in Northern Ireland was launched by the British Government last night only hours after the Chequers summit between Mr. Edward Heath, the Prime Minister, and Mr. Jack Lynch, the Irish Premier, had ended in fundamental disagreement.

Mr. Reginald Maudling, the Home Secretary, announced that he was inviting representatives of all sections of opinion in Northern Ireland to discussions "probably in London—as soon as possible in an attempt to find methods of giving the Catholic minority 'an active, permanent and guaranteed role in the life and public affairs of the province'."

Among those who will be invited, apart from representatives of the Northern Ireland Government, will be MPs from both sides at Stormont and other representatives of the majority Catholic minority in the affairs of Northern Ireland.

To Mr. Heath this amounted to a rejection of the Border, and a virtual Irish veto on the initiative.

Mr. Lynch's comments came after 11 hours of talks at Chequers over the last two days had ended with the gulf between London and Dublin as wide as ever over the form a political initiative by the British should take.

Mr. Heath offered the Irish Premier tripartite talks with himself and Mr. Faulkner, the Ulster Premier, and a Bill of Rights to guarantee the reforms already implemented.

According to the British view, the major difficulty at the Chequers talks arose through Mr. Lynch's insistence as of right to being present at all discussions affecting the participation of the Catholic minority in the affairs of Northern Ireland.

It was pointed out that this offer of close contact went well beyond anything suggested previously by a British Prime Minister over Northern Ireland, but there was little optimism in London last night that Mr. Lynch would take it up to any significant extent.

There will, however, be continuing contact at official level and Mr. Lynch is expected to meet Mr. Heath in London before the end of the year.

But there is little doubt that the Chequers talks, despite earlier hopeful signs, were a disappointment to Mr. Heath, who found Mr. Lynch much less flexible than he had hoped. The gap between London and Dublin clearly yawns as wide as ever over the best method of solving the Ulster crisis.

The two leaders agreed on the importance of restoring the authority and influence of moderate leaders in Ulster, but apparently could not agree on any immediate joint action to bring this about.

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Record U.K. surplus for second quarter

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE U.K. had a balance of payments surplus on current account of £237m. during the April-June quarter, the Treasury announced yesterday. This is the largest quarterly figure ever recorded.

Before seasonal adjustment the current surplus was nearly £100m. higher than this in April-June. The total quarterly inflow from all sources was £634m., making a phenomenal £1,607m. for the first half year.

Only £126m. of the second quarter's current inflow was reflected in revealed increases in the official reserves and the receipt of £500m. was delayed until later in the year by swap transactions with overseas monetary authorities.

The surplus in the corresponding period of 1970 (which was £319m.), although most Government and private forecasters had been expecting a marked deterioration in the current account this year.

The invisible surplus has been running at £52m. a month this year, and was a little higher in April-June than January-March. Receipts from interest, profits and dividends have increased; so have net earnings from travel and civil aviation, largely reflecting higher overseas airlines' expenditure in the U.K.

A swing from a deficit of £73m. in the first quarter's visible trade to a surplus of £78m. in April-June was partly accounted for by the distortions of the postal strike and the making good of shipments held up by the Ford strike.

In the first half of the year there was a surplus of £5m., compared with a deficit of £14m. in July-December 1970, and the Treasury says: "After allowing for the effect of the distortions, it seems clear that the underlying balance improved between the first and second quarters."

It is pointed out that exports rose by 3 per cent. in volume between the two half-years, and that the upturn in the underlying trend of export volume was particularly marked in the second quarter. Two-thirds of a 5 per cent. rise in imports between the same periods reflected volume increases.

U.K. private investment overseas rose to £230m. in the second quarter, bringing the total for the half year to £471m. This included a much higher figure for export credit—perhaps the result of an easing of U.K. credit conditions at that time. There was also an increase in U.K. portfolio investment overseas.

Overseas investment in the U.K. private sector amounted to £230m. in April-June, against £323m. in the first quarter. Net purchases of gilts by overseas private investors were fairly small in the second quarter.

There was a greater fall in official lending by the U.K. under the aid programme than could be accounted for by seasonal factors.

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THE £ ABROAD

	Close Sept. 7	Close Previous
New York (spot) \$2.485-486	\$2.482-483	
Do. 3 months \$2.485-486	\$2.482-483	
Do. 6 months \$2.485-486	\$2.482-483	
Do. 12 months \$2.485-486	\$2.482-483	

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Registration: TUC confusion

BY JOHN ELLIOTT, LABOUR EDITOR

BLACKPOOL, Sept. 7.

THE FUTURE of the union registration issue remained wide open here to-night after left-wingers had won a tactical victory in the annual Trades Union Congress "when their resolution to 'instruct' unions not to register with the Industrial Relations Act was approved by 5,6m. to 4.5m. votes.

Protagonists of this apparently hard line were claiming—with varying degrees of confidence—that this victory over what they regarded as the more moderate views advocated by the TUC General Council would strengthen the resolve of those unions which had been wavering on the registration issue. The General Council had wanted the Congress only to confirm its existing policy of strongly advising unions not to register.

But, despite this, it is clear that there will be countless rows within the union movement, and especially on the TUC General Council, over just what today's decision means, and it is almost certain that some unions will go ahead and register, even if they now do so rather more slowly and with less self-assurance than might have been the case.

But there are several reasons why the course of union registration may be little changed. First, there was some doubt to-day over the implication of another vote, in which the delegates approved a report of the Conference at which the "strong advice" not to register was agreed. Although most senior union leaders felt that to-day's vote overrode this, the doubt gives Mr. Vic Feather, TUC General Secretary, and other moderates a debating point.

Secondly, when moving the resolution for unions to be instructed not to register, Mr. Hugh Scanlon, of the Engineers, spoke in more moderate terms than those in which his resolution was phrased. Mr. Scanlon said that the distinct impression that he did not expect it to be interpreted so literally that deserving unions registering for exceptional reasons would be expelled from the TUC.

Linked with this is the point that the original "strong advice" policy could have led at the end of the road to expulsion for a union which registered against the wishes of the TUC General Council after a detailed examination of the case had been carried out. This led Mr. Feather to argue to-day that there was in fact little practical difference between the two policies.

Then there is the fact that even though the majority for the "instruction" line was larger than had been expected, nearly half the Congress opposed the apparent change of policy. Finally, there was an escape clause in the resolution saying that non-registration could only be effective if all unions stood together—which leaves an open door for the policy to be changed when some unions break ranks.

It is possible, therefore, for those who are not willing to register to vote against the anti-registration lobby to-night to argue—as Mr. Feather did during the debate—that all that has happened here in Blackpool is that what was implicit in the original policy is now explicit. But the General Council during the coming months after the registration section of the Act is implemented on October 1 will be able to waive the policy for a deserving union.

Several unions might qualify for such exemption and open the gates for other unions to follow. For example, the Bank Employees are likely to register by their own annual conference, the National Graphical Association is hemmed in with such unusual legal restrictions on registration that it may have to remain registered, the Teachers and Local Government Officers are politically as well as industrially inclined to register, while the Agricultural Workers now have to decide whether their ailing finances can allow them to reverse their recent decision to remain registered.

But among the waverers who may now feel less inclined to register are the General and Municipal Workers, despite the views of their general secretary, Lord Cooper, who is this year's Congress president and is in favour of registration.

Then there are other unions, such as Mr. Clive Jenkins's Technical and Managerial Staffs, the Electricians and Plumbers, and the Seamen who might pose problems for the TUC later. Finally, there are unions like the Transport Workers who, although prominent to-day among those favouring the instruction line, are believed on the other side of the coin to be ready to register if only someone will find a way for them to do so without betraying their Left-wing allies.

The vote on the "instruct" resolution was one of three taken at the end of a three-hour debate, and led to angry scenes in the conference hall, centred around militant miners' delegates, who felt that their general secretary, Mr. Lawrence Daly, had misused one vote.

This commotion ended with Mr. Daly, a prominent Left-winger who was elected to-day to the TUC General Council, being ordered from the rostrum by Lord Cooper. The argument behind the row pinpointed one of the significant areas of doubt which surrounded the meaning of the separate votes.

First, the 5.6m. to 4.5m. "instruction" vote was taken rapidly, followed by an overwhelming 5.5m. to 2.6m. rejection of a militant Paperworkers' demand that the General Council should expel immediately any union which registered. Then a third vote was taken on the TUC's annual report dealing with the Act and registration. This was approved by 4.9m. to 4.6m. votes, and contained a report of the TUC's special congress held at Croydon in March when the policy of strongly advising unions not to register was approved.

Most unions which voted to-day for this policy to be strengthened to an instruction also voted against the report to emphasise their views. But Mr. Daly regarded the report vote as mere recognition that the report was a true record of the facts, and accordingly voted for it—the rowdy and angry nature of his fellow miners' delegates who felt he was "facing both ways."

Mr. Daly then stormed to the rostrum and demanded an assurance from Lord Cooper that, in fact, approval of the report meant nothing, and that the TUC's new policy would be the instruction not to register approved in the first vote.

But, realising the trap ahead, Lord Cooper would only say: "I have declared Composite 3 (the instruction resolution) carried, and the General Council will understand what that means."

This leaves plenty of room for a lot of manoeuvring in the TUC over the coming months, first, as union leaders argue over whether any exceptions to the non-registration line can be allowed, and secondly, when they decide whether to suspend (only the annual Congress can expel) unions which defy the TUC.

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Lines Bros.' liquidation held up

BY NICHOLAS LESLIE

THE POSSIBILITY of salvaging something of Lines Bros. operations appeared even more obscure yesterday after shareholders in the Meccano and Tri-ang toys group deferred the decision to liquidate the parent company by adjourning for 21 days the extraordinary meeting called to approve the move.

The company has total liabilities of £17m., and Mr. Paul Shewell, of accountants Cooper Brothers, the provisional liquidator, disclosed that "shareholders should not expect any return on their shares" as they had no value at all.

Shareholders seemed to be influenced in their decision by arguments from several of the Lines family that all the alternatives to liquidation had not been fully investigated.

Mr. Lines, a director and former chairman, said he had received a telegram from Mr. Louis Marx, the U.S. director of the British toy and plastics group, Dunbe-Corbin-Marx, suggesting postponing the liquidation to see if a better solution could be produced.

Mr. John Darby, the Lines chairman, said, however, that Dunbe had made a firm offer which included injection of £3m. but this was "approximately half what is required to meet the bank's requirements." He warned repeatedly that, if the company did not go into voluntary liquidation, there was a danger that it would be trading illegally, because it would incur

liabilities it had no hope of meeting.

Mr. Darby indicated that, if the liquidation was not approved, several of the directors might have to consider whether they could remain on the Board. He said later that he would be taking legal advice about continuing as chairman.

Because of the shareholders' decision, a subsequent creditors' meeting was also adjourned. However, a creditors' committee of five was formed at an unofficial meeting which followed, and in response to a request that creditors should not press their claims, it appears that arrangements with the banks are to be sought to enable the Lines to continue.

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See Men and Matters Page 16

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Re-start at Lucas likely

RETURN TO WORK at Lucas's nine Birmingham factories is likely by Monday at the latest following agreement between the management and the AUEW in talks at Blackpool. The union executive council has told its 250 members among the 300 maintenance engineers on strike to resume work. The three smaller unions to which the remaining 50 strikers belong are not expected to hold out.

MR. ARCHIBALD KELLY is to go ahead with talks and technical studies for the next two-to-three weeks with the aim of taking over the Clydebank shipyard of UCL. At his London meeting with Sir John Eden he obtained Government permission to negotiate with shipowners who had ordered 13 ships, not yet started, from UCL.

POSIDON, as operator, gets a 50 per cent stake under an agreement with Union Oil, Hanna and Homestake, three U.S. concerns, for joint exploration of the two groups' major nickel discoveries at Windarra, Western Australia.

RICE WILL BE PART (Edm.) of the £3.2m. price for a gas turbine power station which John Brown Engineering is to supply to Burma. The Government will use £2m. of Britain's £5m. aid to India to buy Burmese rice for Pakistan refugees.

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Export News

Pilkington glass for S. America

TWO South American orders worth nearly £250,000 have been won by Pilkington. They are the largest orders for architectural glass ever received by the group from that area.

Over 29,000 square metres of clear, toughened and solar control glass will be supplied for two office buildings in Santiago, Chile and Lima, Peru.

The new multi-storey UN building at Santiago, Chile, will be glazed with Spectrafloat and Armouplate glass worth nearly £120,000.

In Lima, the new 22 storey administrative headquarters of the national petroleum company, Petroleos del Peru, will be glazed with thick clear float glass and 6 mm thick Spectrafloat at a cost of £110,000.

EAST EUROPEAN TRADE FAIRS—LEIPZIG

Facing a cold wind from Moscow

BY A. H. HERMANN

THE 100 British companies represented at this week's Leipzig Autumn Trade Fair are sailing against the wind.

East Germany will have to cut down on its purchases from the West in order to reduce its trade deficit. The Soviet Union, faced with a similar situation, has this year reduced its purchases from Britain and, according to reports from Leipzig, is pressing East Germany to do the same.

A serious contradiction bedevils East Germany's trade with the West. While its requirements for Western equipment rise, its exportable goods are being drained off to the East. While pledged to increase Comecon's share in its trade to 75 per cent, it is in deficit with West Germany and, for political reasons, has been buying more

THE THIRD WORLD

Payment in rice for John Brown £3m. Burma deal

BY DAVID CURRY, EXPORTS EDITOR

JOHN BROWN ENGINEERING has won a £3.2m. order in Burma on the basis of accepting £2m. of the payment in rice. The Foreign and Commonwealth Office is using £2m. of Britain's £28m. aid to India to buy the rice from Burma for Pakistan refugees.

Refugees

The order, JBE's first in Burma, is on a turnkey basis for a 60 MW gas turbine power station for the Electricity State Board of Burma. Won against fierce competition from Japan, Germany and Italy it represents a further expansion of the company's activities in the Far East. It already has 11 turbines operating or delivered to Australia, Brunei, Hong Kong and Thailand.

The Burmese insisted as a con-

dition of the contract on part payment in rice, of which there is a world surplus. JBE called in Biddle Sawyer and Co., part of Lewis and Peat, the commodity and general merchandising group, to handle the barter part of the deal. Biddle Sawyer arranged with the Foreign and Commonwealth Office for the purchase of the rice.

The order includes three JBE heavy duty industrial gas turbines with brush generators, together with a complete power station building and ancillary equipment.

The station will be built at Chauk, 400 miles up the Irrawaddy and the three turbines, each weighing 80 tons, will be taken up the river on barges during the monsoon period of July and August, the only time there is sufficient depth of water.

Japan consumed six times as much Scotch and Northern Irish whisky last year as it did in 1965. In the first half of this year sales were 78 per cent. up on last year as "liberalisation" of trade was introduced. But U.K. manufacturers are still a long way from developing a mass market. Ross Wilson looks at the reason why.

A sobering effect on whisky producers

WHEN Japan liberalised import quotas on a wide range of goods on last New Year's Day, it was hoped that this would open the gates to a flood of foreign products selling at competitive prices against domestic goods.

Most exporters are still at the hoping stage. In the case of Scotch, buying a well known brand there is a sobering experience. It is reported that a bottle of Johnnie Walker Black Label sells for \$28—whereas you can buy an average bottle of Suntory—Japan's No. 1 seller—for \$8.

Taxes

Japan eased Scotch imports on January 1, but prices have stayed sky high. The Japanese Fair Trade Commission looked into the situation, but the investigation was short-lived, and the commissioners even refused to

discuss their findings, it is understood. An outspoken distributor, Kneale H. Ashwell, marketing manager of Dodwell and Co., distributors of Buchanan's Black and White, began to increase imports after liberalisation and shipments are coming in at twice last year's rate.

From \$12.8 to \$14

"But selling them is something else," he comments. Of more than 15m. cases of whisky sold in Japan last year, only 200,000 were Scotch. Of course, Scotch was liberalised," said Ashwell. "But duties and taxes weren't changed."

The pricing machine operates like this. At Yokohama a bottle of standard Scotch such as Black and White or Cutty Sark costs the wholesaler \$12.8. To that is added the standard tariff of \$1.8. The 20 per cent. national tax figured on that combined total comes to \$5.37, and 33 cents for customs handling and applying tax stamps.

The end result is that the wholesaler gets his bottle of Scotch from the bonded warehouse after investing \$8.1. To that he adds his mark-up and the retailer his so that the customer can finally buy a bottle for \$14.00.

For de luxe brands such as Johnnie Walker Black Label and Chivas Regal, the pinch is said to be even harder.

Distributors can do little or nothing to cut costs. Prices are fixed f.o.b. here and shipping rates have gone up 10 per cent. since January.

A one who dealer put it: "The only outfit that makes a killing on Scotch is the Finance Ministry."

"Regular" trade talks with GDR

WAYS OF IMPROVING mutual trade between Britain and East Germany were discussed at a meeting at the Leipzig Autumn Fair yesterday. The East German team was led by Dr. Jost Prescher, chairman of the British section of the Kammer für Außenhandel (Chamber of Foreign Trade) and the London Chamber of Commerce GDR section was led by Mr. John Cooper, of Shell.

The meeting was a sequel to the visit of Herr Rudolf Murgott, President of KFA and seven specialists to the U.K. in May during which they met 28 companies and organisations. In the meantime, Herr Werner Pelz, deputy Director General of the foreign trade enterprise Demusa, who accompanied Herr Murgott, has recently been back to London for talks with some of the larger consumer stores.

More than 100 East German companies and institutions are in the KFA British section, their various interests being covered by groups for chemicals and raw materials, engineering, light industry and transport. A reciprocal arrangement has been made by the London Chamber's GDR section under Mr. J. W. B. Peel with committees looking after similar areas of trade.

Ideas for improving industrial contacts on the agenda in Leipzig included the possibility of a series of visits from East German specialists on the lines of the one made by Herr Pelz.

There may also be a number of one-day symposia on East German industries in Britain which would be attended by East German speakers.

Agreement was reached that in future joint meetings such as the one in Leipzig would be held twice a year. They will alternate between London in February just before the annual Leipzig Spring Fair and Leipzig during the Annual Autumn Fair.

IN BRIEF

On September 16 the Financial Times and British National Export Council are mounting a conference in Hamburg for German businessmen to explain the possibilities of the British market. It will deal in particular with Anglo-German technological co-operation; direct investment in the U.K.; marketing in the U.K.; and the banking and insurance services of the City of London. The fee is DM300 (£38) and enquiries can be directed to the Financial Times at Frankfurt am Main (Tel. 354667 or 554617) or London (335 5441).

Chemical and combustion engineers Peabody, has completed the design and manufacture of a flame monitoring and alarm system for the protection of three 240,000 lb/hr. boilers at Penal Power Station, Trinidad, owned by the Trinidad and Tobago Electricity Commission. The eight natural gas and oil burners on each boiler are individually supervised by Peabody FM Flame Detectors which initiate audible and visual alarms and automatically close fuel valves in the event of flame failure.

A contract valued at over £100,000 has been obtained by SF Air Treatment of Staines, for machine room ventilation equipment for a pulp mill in Chile. This order follows close co-operation between SF Air Treatment and its sister company VIM of Paris which is supplying the F. C. Pulp Dryer, giving an output of 300 tons of pulp per day.

Council may cut home loan rates

BIRMINGHAM Corporation is expected to cut its home loan interest rate by 1 per cent to 8 per cent later this month.

The move, following the latest Bank Rate reduction, is to be recommended to the city's finance committee on September 24. It is expected it will be the first drop in the rate for eight years, and will mean a saving of 25p to 35p a week for 15,000 people with council mortgages.

Ald. Anthony Beaumont-Dark, the finance committee chairman, said: "Someone has to break the inflationary spiral. This is our first step in that direction."

Benn hopes for Concorde talks in China

MR. WEDGWOOD BENN, vice-chairman of the Labour Party, hopes that Concorde will be on the agenda for discussion during his visit to China. He and his wife leave to-day for a two-week stay in China at the invitation of the Chinese Institute of Foreign Affairs in Peking.

At a London Press conference yesterday Mr. Benn said China was without a world airline and the possibility of her acquiring Concorde could be one of the subjects discussed.

Mr. Benn has asked for a series of political talks but he and his wife do not yet know who they will be meeting or exact details of where they will be going. Among the messages Mr. Benn is taking with him is a letter to Chou En Lai from Mr. Wilson.

CARPET FAIR AT HARROGATE

Financial Times Reporter
A RECORD attendance is expected for the 1971 Northern Floor Coverings Fair which opened yesterday in Harrogate. Over 140 companies are taking part, making it the largest trade fair of its kind this year.

The fair is sponsored by the Federation of British Carpet Manufacturers and The Tufted Carpet Manufacturers' Association and is part of the Industrial and Trade Fairs. It closes on Friday.

GLASGOW CASINO PLAN APPROVED

Ladbrokes, to bookmakers, received permission from Glasgow planning sub-committee to convert an empty warehouse at 194, Bath Street, into a casino and restaurant. It was once the home of a former Lord Provost. A restriction to the permission was that the casino will not open before 7 p.m.

Bank chief urges marketing strategy

BY MICHAEL BLANDEN

IT IS the job of the chief executive of a bank to determine the marketing strategy and to ensure that it is always properly placed in the business environment. These points were made on the second day of the Institute of Bankers' Cambridge seminar by Sir Frederic Seaborn, chairman of Barclays Bank D.C.O.

Discussing "The Marketing Programme," Sir Frederic pressed home to his audience of bankers the issues which are likely to be particularly relevant in the new climate of competition in the banking business.

"Our survival as individual banks, and as an industry, depends on our management at all levels being marketing-orientated," he said.

Pressures

Sir Frederic concluded: "Because we are executives of Government policy and our names are household words, we are subject to more opposing pressures than any other industry, and if we yield to one quarter, an outcry of hostility arises from another."

However, opportunities are springing up all around us, at home and in Europe, and I am sure that our flexibility will enable us to take full advantage of them."

Sir Frederic started his paper by emphasising the need to apply marketing concepts to the banking business. "According to some people, the introduction of the word 'marketing' takes the banker straight from his parlor into the role of barrow boy."

"But in a buyer's market—where there is competition for the customer's money—it is the

customer who is in a position to make the decisions on the services he wants, on the terms he is prepared to pay, where he will buy the services. He examined the idea of marketing, and emphasised the staff at all levels must ensure that their efforts towards the needs of their customers are ensuring they are met. It is on to consider how the principles of marketing are applied to the banking business."

Strange

Sir Frederic then discussed the establishment of a long-term planning programme for taking into account the objectives of investing and improving the return, as well as the constraints imposed by the objectives of banking costs and other factors. Against this background considered the planning of specific short-term objectives of the introduction of new services.

Commenting on the opportunities for marketing techniques in banking business, Sir Frederic remarked: "To the banker, who looked on primarily as a lender of the concept of marketing have seemed very strange to him, and their needs very slowly."

But banking is now and complex business. Its customers are in rural, suburban and international task of identifying change as is as complex as the task in the product industry."

£965 'average building society shareholding'

FINANCIAL TIMES REPORTER

BRITAIN'S building societies had nearly 11m. shares and deposits worth £2,300 in 1959 to the first half of 1971. The average shareholding was £965. In addition, there were nearly 250,000 building society accounts under the SAYE scheme.

This is shown in the Building Societies Year Book 1971, published yesterday.

The Year Book states that societies expect to lend £2,500m. on about 600,000 home loans this year, compared with \$40,000 loans totalling just under £2,000m. in 1970.

Growth may, in fact, be even greater than this because of the recent cuts in Bank Rate, which are expected to lead to lower society mortgage interest rates soon. Rapidly rising house prices were reflected in the size of the end of 1971.

average mortgage, while from £2,300 in 1959 to the first half of 1971.

Savings with building societies are continuing to increase. In 1970, new savings, interest credited, were £24m. in 1970 and are expected to exceed £1,000m. in 1971.

Total assets of the societies were expected to exceed £2,000m. last year and are expected to exceed £2,500m. at the end of 1971.

New National Insurance Contributions

-from week commencing 20th September 1971

Graduated contributions from 21st September for both employers and employees, will be at the new rate of 4-35% on earnings from £18 to £42 per week.

Additional amounts will be from 1p to 65p a week. Contributions payable on earnings below £18 per week will remain unchanged. A leaflet will be sent to employers setting out these changes in detail.

Flat-rate contributions from 20th September 1971. Main stamp rates are unchanged except as shown in bold type. Full details from your local Social Security office.

CLASS 1 EMPLOYED PERSONS		Employer's rate	Employee's rate	Total rate
Employees not contracted out	Men	£2-15	£0-88	£3-03
	Women	£1-40	£0-75	£2-15
'Special' cards—i.e. people over 65 (60 women) who are treated as retired, and certain married women and widows	Men	£2-15	£0-05	£2-20
	Women	£1-40	£0-04	£1-44
Under 18 employees	Boys	£1-22	£0-57	£1-79
	Girls	£0-93	£0-48	£1-41
'Special' cards—certain married women under 18		£0-93	£0-02	£0-95
Contracted out employees	Men	£2-27	£1-00	£3-27
	Women	£1-48	£0-83	£2-31
'Special' cards—certain married women and widows	Men	£1-48	£0-04	£1-52
	Women	£1-48	£0-04	£1-52
CLASSES 2 & 3				
Class 2: self-employed	Men	£1-50	£1-25	£2-75
Class 3: non-employed	Men	£1-20	£0-94	£2-14

The following changes are being made from 20th September:

Class 1 earnings threshold for liability is being raised from £4 to £5 a week.

Class 2 earnings level for liability is being raised from £2 to £4 a week.

Classes 2 & 3 small income limit for exception from liability is being raised from £312 to £468 a year. Full details in leaflet NI 27 from Social Security offices.

Issued by the Department of Health and Social Security.

The Midland Bank's overseas trade services will be available in Hamburg for the British Trade Week 17-26 September '71.



Any help or advice required during this time in connection with international trade will be given gladly by our representative, Mr. R. A. Noakes, a member of the Council of Management of our Overseas Branch, London; you can contact him at the Hotel Vierjahreszeiten, Neuer Jungfernstieg, Hamburg (tel. 34941).

If you expect to be in Hamburg for the Week and need our assistance before you travel, we invite you to get in touch with Mr. Noakes in advance, either at Overseas Branch, 60 Gracechurch Street, EC3P 3BN (tel. 01-606 9944), or through any of our 2600 branches in England and Wales.



Midland Bank
A Great British Bank

If you have an international problem talk to the Midland

Trades Union Congress

Delegates vote both ways on unions Bill registration

BY ROY ROGERS

THE ISSUE of registration under the Government's Industrial Relations Act led to a deep division at the TUC annual Congress in Blackpool yesterday. A composite motion to "instruct" unions not to register instead of "strongly advising" them was drawn up at the TUC special conference at Croydon earlier this year—was carried by 5,635,000 votes to 4,500,000, a majority of 1,135,000.

At the same time, a motion from the paper workers seeking a stiffening of the policy so as to make expulsion from the TUC compulsory for those who register was lost by 234,000 to 9,789,000, a majority of 9,555,000. The report of the TUC General Council was also carried—by 4,915,000 to 4,634,000—causing considerable upset, particularly among delegates from the National Union of Mineworkers who sought an assurance that acceptance of the report would not negate the composite motion.

Differences

Mr. Feather rejected the idea that differences over registration under the Industrial Relations Act would split the union movement. "There is no question of a split. There are differences of views," he said.

Later he added that one of the most obvious things about registration was that it was a device to divide the movement—to set one union against another. "That

manoeuvre can only succeed if we let it succeed," he said.

The biggest single thing they could do to ensure that the Act did not achieve the Government's purpose was to remain united in their opposition. "The real issue before us is this: what is the best way in which we can ensure unity. Everything else is secondary," he said.

The General Council saw no reason at this stage to depart from the policy decided on by the special Congress at Croydon earlier this year—to strongly advise unions not to register. There had been no change which would justify changing the policy decided on then.

"That is the maximum level of unity we are likely to get. The only way we can achieve maximum unity, genuine unity, is by argument and persuasion and not by instructions."

Mr. Feather said it was imperative to maintain a spirit of solidarity in the coming months, because trade unionists were now entering "a new and harder phase in our opposition to this repugnant legislation."

Many people now realised that a Government which was incompetent at handling the economy and incapable of dealing with unemployment was very unlikely to be any good at improving industrial relations. There was little humanity about a Government that stood idly by while unemployment climbed, bringing suffering and anguish.

The Government had failed to win support for the Act from the left. There was no question of a split. There are differences of views, he said.

It could only embitter industrial relations, and therefore the TUC was preparing a guide to good industrial relations. Mr. Feather spoke of all that the TUC had done in the past few years towards improving industrial relations. "Because of closer working between unions, who does what disputes are now very rare indeed," he said.

Of the future, he said: "Despite the Industrial Relations Act, we must press on with streamlining trade union administration and structure, and acting jointly with employers to bring bargaining machinery up to date."

He warned that acceptance of the General Council recommendations to oppose the Act would call for sacrifices, financial and otherwise, and involve taking calculated risks.

It was recognised that some unions had problems over de-registration. "It is our responsibility to decide what is at stake now, and whether or not we take a risk."

Employment Secretary Mr. Robert Carr had recently said that a future generation would appreciate the Act—"I have news for him. A future generation won't even know this Act existed," said Mr. Feather.

The Government estimated it would cost about £2m. a year to run the National Industrial Relations Court apparatus. "It may be just a coincidence that that is almost exactly the amount that the Treasury is going to grab by depriving unions of the tax rebates they use to help their sick and disabled members."

He warned that acceptance of the General Council recommendations to oppose the Act would call for sacrifices, financial and otherwise, and involve taking calculated risks.

Democracy

Congress decisions at the special meeting in March added up to an attempt to ensure that the Act would be ineffective. "This is not because the trade union movement is above or outside the law, but because we have the democratic right not to co-operate with the machinery of an Act which is abhorrent to all of us."

British trade unions were not prepared to "hand themselves over to become a collection of State-licensed organisations subject to Government control."

Talk of a split in the movement was nonsense. "There is no question of a split. There are differences of views on both sides of the argument, just as there are strongly held views on other issues before Congress. That is what Congress is about."

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Demo over school leavers

DELEGATES arriving and leaving the Conference Hall were lobbied by some 600 to 700 Young Socialists. The demonstration, organised by the YS and the Socialist Labour League, was designed to draw attention to the plight of unemployed school leavers and youngsters.

Apart from the League's new familiar slogan of "General Strike, Tories Out," the demonstrators sang "UCS, UCS," they support you ever more." To the tune of Bread and Butter and paraded banners demanding the right to work.

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Promise

The policy previously decided on by the special Croydon Congress laid on unions the duty of going to the General Council before they decided to register, not after they had made up their minds.

The General Council had a duty to assess the union's problems, and to advise and assist. Unions had to listen to that advice "very carefully indeed."

He promised that where union membership came under attack from registered staff associations not affiliated to the TUC "we will be right in there fighting alongside it."

Some more militant unions are pressing Congress to make non-registration an "instruction," rather than mere advice. Mr. Feather said he accepted that unions responsible for opposition motions on the subject at this week's conference were perfectly entitled to try to persuade Congress to go further than the Croydon meeting.

But the General Council were entitled to resist that line of argument, and to assert that the only way they could achieve maximum unity was by argument and persuasion, and not by instructions.

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Mr. Hugh Scanlon listening to a Congress delegate yesterday

NGA No Left election challenge fails

BY MICHAEL HAND

BY JOHN ELLIOTT

ON THE EVE of today's TUC debate on the Common Market, yet another union declared itself against entry. The move foreshadowed the overwhelming rejection of the Government's entry terms which will be lodged by the TUC.

The union was the National Graphical Association which has 26,119 members, half of whom voted, with 26,119 in favour—making a margin of 721.

This comparatively small majority was no doubt partly the result of the NGA national executive recommending against entry.

CONGRESS carried a motion from the National Association of Colliery Overmen, Deputies and Shotfriers calling on the TUC General Council to seek improvements in levels of disablement benefit.

In moving the motion, Mr. Laurie Wormald described the effects of pneumoconiosis, the respiratory disease which hits miners reducing them to "skeletal frameworks of skin and bone."

Mr. John F. Griner, president of the American Federation of Government Employees, fraternal delegate to the conference, said that the unemployment rate of 5.3 per cent. in the U.S. was heavily influenced by the export of jobs in leading industries to countries where labour was cheaper.

At the same time, multinational corporations, many of which are largely U.S.-owned, are seeking long-range production facilities in the nations of the world where workers are the most cheaply paid.

The American Federation of Labor and Congress of Industrial Organisations was determined to use every opportunity to prevent the sell-out of freedoms.

Mr. John Bonfield, general secretary, said that if his National Graphical Association did not register, it would lose £200,000 to £250,000 a year.

The General Council should be finding a policy for the movement to circumvent and frustrate the effect of the Act on the shop floor.

Mr. Alf Allen, Secretary of the Union of Shop, Distributive and Allied Workers, backed the General Council's view and appealed to uncommitted delegates to stand by the decision of the special TUC conference at Croydon.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, supported the composite motion, but said he was against the resolution moved by SOGAT.

He believed that ICI was seeking to create a situation where it would have "a tame house union," and some big insurance companies were about to do the same thing. The Commercial Union organisation and the General Accident Fire & Life would seek to create organisations which would be their "puppets" and which they would "manipulate."

There is still a great deal too much in British industry," he said. "At the same conference, Mr. Paul Bryan, Minister of State for Employment, said the Government would not hesitate to make changes in the text of the Code of Industrial Relations Practice."

He thought there was substance in the unions' complaints that the document was too paternalistic in parts and did not emphasise enough the joint character of labour relations activities. The Department of Employment would also be looking carefully at the foreword by the Secretary of State, Mr. Carr, and the text because it had been suggested that his views on collective bargaining were not fully reflected in the text.

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Left election challenge fails

BY MICHAEL HAND

THE BID by some Left-wing Mr. Roy Grantham, general secretary of the Clerical and Administrative Workers' Union, to replace Mr. Littlewood, the broadcasting leader, who is also resigning, although one new militant member has been elected this year.

He is Mr. Lawrence Daly, National Union of Mineworkers' general secretary. Previously the NUM had two representatives, Sir Sidney Ford and Mr. Albert Martin, but with their retirement the number of representatives in their section has been reduced and Mr. Daly will be the only NUM member.

The only other change is that Mr. Jack Peel, of the and bleachers, came unopposed to being elected this year.

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During the morning session, NUPE was anxious that the National and Local Government Officers' Association successfully moved a resolution suggesting the public sector be harder. Trade unionists have the fullest consultation with the TUC and the staff associations to ensure that the impending reorganisation in local government, health service and water industry provides the maximum benefit to the community and the fullest safeguards for the workers concerned.

Mr. Alan Fisher, general secretary of the National Union of Public Employees, in seconding the motion said his union made no objection to the Government's policy towards public services added.

Mr. Fisher suggested that "simply because of their political beliefs," Congress was told.

Their experience represented only "the tip of the iceberg," said university lecturer Mr. John Dore, of the Association of Scientific, Technical and Managerial Staffs.

He welcomed action taken by the TUC following a motion passed at last year's conference for legislation about information in data banks and intrusion into privacy.

He urged Congress to be less such influence based on valent in other occupations though he felt that it already happen. There was a more urgent consideration of whole aspect of privacy at General Council should consider pressure for legislation waiting for the report of Committee on Privacy.

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Other Overseas News

Australia may get extra budget

CANBERRA, Sept. 7. Prime Minister Mr. McMahon hinted today at the possibility of a supplementary budget early next year if economic conditions do not develop along the lines upon which the Government based its 71-72 budget. Speaking in the budget debate in the House of Representatives, Mr. McMahon said it had been the Government's firm belief at its only responsible course of action was to introduce a budget to prevent excessive inflation. But he added: "I want to make it clear that our policy continues to be a flexible one, responsive to change and able to make adjustments needed to sustain full employment and economic growth."

Mr. McMahon said the budget would do nothing to prevent continuation of the strong overall economic growth Australia had in recent years. But he acknowledged the claim by the Opposition Leader, Mr. Whitlam, fortnight ago, that the budget strategy for deflation could produce up to 100,000 unemployed. Mr. McMahon said this could occur through a seasonal peak in January when school leavers seeking for jobs were taken into account.

BRITISH EXPERTS FOR DURGAPUR

By Our Foreign Staff. Britain has agreed to provide further technical assistance for a Durgapur steel plant in India over a two-year period beginning next month. The technical assistance programme provides a succession of short-term task-oriented visits by British experts in the steel industry. The experts will be advisers only; they will not assume executive or management responsibility. They will probably be drawn largely from the British steel industry.

Saigon troops begin major thrust near Laotian border

SAIGON, Sept. 7. ABOUT 15,000 Government troops are thrusting into jungled mountains in the northwest corner of South Vietnam hunting for four North Vietnamese regiments and attempting to block infiltration through the Demilitarised Zone, military sources said today. The South Vietnamese military spokesman said the North Vietnamese were drawing across the border after an engagement, the sources added.

The new advances are intended as pre-emptive strikes against three North Vietnamese infantry regiments and one armoured regiment believed to be regrouping for a show of strength aimed at disrupting Vietnam's Presidential election early next month, the sources said. During the past two nights U.S. B-52 bombers have dropped nearly 2,000 tons of bombs in saturation raids to clear the way for Government troops in the mountains between the abandoned U.S. base at Khe Sanh and the newly re-opened Vandergrift Airbase.

About 200 U.S. helicopters and dive-bombers will provide an air umbrella for the ground troops. A U.S. military spokesman said U.S. helicopter gunships spotted a North Vietnamese platoon in this area at mid-day yesterday and killed 11 of them.

So far Government troops have reported no ground contact since the operations began yesterday morning, a South Vietnamese military spokesman said. The U.S. military spokesman was asked at a daily Press briefing about reports that U.S. troops had moved into at least two advanced firebases in the most northerly provinces of Quang Tri and Thua Thien to release South Vietnamese troops for the new thrusts. "U.S. forces have moved around in their areas of operations but these areas of operations have not changed," he replied.

Over North Vietnam two U.S. Phantom jets knocked out two anti-aircraft guns 50 miles north of the Demilitarised Zone yesterday after an unnamed U.S. spy plane came under fire there, the U.S. spokesman said. He added that U.S. dive-bombers, field guns and destroyers yesterday fired at a North Vietnamese position inside the southern half of the Demilitarised Zone. Reuters

National Front party formed in Jordan

BEIRUT, Sept. 7. BY OUR OWN CORRESPONDENT. KING HUSSEIN announced today the creation of a National Front covering both banks of his kingdom. He headed a meeting at the royal palace in Amman of a steering committee in charge of formulation of a national charter for the Front, to be officially known as "the Jordanian National Union."

Once the charter is completed, a "national congress" representing all popular sectors in the East Bank and the Israeli-occupied West Bank will be held in Amman to approve it and to elect a leadership. Radio Amman said today's meeting of the steering committee was attended by Crown Prince Hassan, Premier Wasfi Tal, Ministers, the Speaker of Parliament, prominent army officers, tribal leaders and representatives of Palestinian refugee camps on both banks of the Jordan River.

In his opening statement, which was broadcast by the radio, the monarch declared that under no circumstances would he give up the West Bank. "We form one family and there is no difference between East or West Bankers," he said. The emphasis here is on the King's insistence on considering Jordanians and Palestinians in the kingdom as his subjects.

Informed observers note that this is the first national front of its kind to be established in the country. All political parties are banned under the Jordanian law. The King described the move as "one of the most serious steps ever taken in this country," and above all it seems that he wants to rally Palestinians and Jordanians around his throne after the crushing of the Palestinian commandos by his Army. The new front will seek to fill the political vacuum left by the suppression of the guerrilla organisations. The move appears to be deliberately timed with the first anniversary this month of the Jordanian civil war, in which the guerrillas suffered a conventional military defeat at the hands of the King's 55,000-man army. The King appears to be seeking to allay Palestinian fears in the occupied territories which mounted after the Jordanian Army's clamp down on the commandos. To-day he said: "We will never forget our brothers on the occupied bank."

Meanwhile, the executive committee of the Palestine Liberation Organisation has agreed to attend a meeting in Jeddah for reconciliation with the Jordanian Government, according to Amman Radio.

It said the Government in Amman last night received a cable to this effect from the Saudi Government.

W. Pakistan clash foreseen

By Our Own Correspondent

KARACHI, Sept. 7. THE POLITICAL situation in West Pakistan may heat up if the forthcoming talks between President Yahya Khan and People's Party chairman Mr. Zulfikar Ali Bhutto do not make substantial progress.

Mr. Bhutto, accompanied by party leaders, is tentatively scheduled to leave here for Rawalpindi tomorrow.

They would be the last if there was no progress, Mr. Bhutto said and added, "we have had enough of protracted negotiations that should now come to some sort of conclusion." Mr. Bhutto is apparently not very happy over the appointment of a civilian governor in East Pakistan and is worried that same process may be repeated in West Pakistan without consultation. This would take much power from the elected leaders.

Mr. Bhutto welcomed in principle the decision to restore power to civilian control but said here—on the same day that Dr. Malik was sworn in as governor of East Pakistan in Dacca—that the mere appointment of Dr. Malik was not by itself a proper step towards democratisation. He said Dr. Malik would have power to select non-elected people as his ministers.

Mr. Bhutto said: "In West Pakistan I will not accept any gimmick. I want genuine power and responsibility to discharge my duty by the people." He added that the process of associating civilians with the administration could be genuine and effective only when power and responsibility were entrusted to the representatives of people. He called for the complete transfer of power to tackle crises affecting the country.

Mr. Bhutto claimed he could launch another mass movement on behalf of the people and for vindication of their basic rights. But it is clear the authorities do not take this seriously. A senior official concerned with maintaining law and order in the country was asked about Mr. Bhutto's posture and replied: "It is hollow and means nothing."

ANGLO-RHODESIAN TALKS

A solution remains elusive

BY TONY HAWKINS, SALISBURY CORRESPONDENT

OPTIMISM for an Anglo-Rhodesian settlement is on the increase again in Salisbury as Lord Goodman prepares for his "last chance" bid to settle the six-year-old dispute. On paper, the gap between the two sides remains wide indeed, but normally-cautious Rhodesian officials and businessmen—who on previous occasions have been singularly pessimistic—are now talking of a 50-50 chance of agreement. To be sure, they are hard-pressed to justify this optimism, and easy though it is to understand both sides' desire for a settlement, it is extremely difficult to visualise a piece of paper that both could sign. According to the optimists Lord Goodman's return visit must mean that some sort of breakthrough was achieved in the earlier rounds of secret discussions. Rhodesian officials claim that on the British side this time there is much greater enthusiasm and determination for an agreement than was apparent when Labour was in power (a point that is not so apparent in London).

In Salisbury business circles it is argued that the Rhodesians are at long last facing up to the economic realities of the situation. Their foreign exchange position is extremely difficult, more so than at any other time since UDI. Some industrialists have said that they may be unable to meet demands placed upon them, unless their currency quotas are raised. There is evidence to suggest that stocks and inventories are at their lowest level since 1965. Commerce, too, has warned of its inability to service the day-to-day demands of the other sectors of the economy and to provide replacement equipment.

Revaluations or upward floating of continental currencies (and the Japanese yen with which Rhodesia is believed to have a considerable volume of trade) are also unfavourable. Rhodesia seems certain to maintain the parity of its dollar pegged to the rand which in turn is pegged to the pre-crisis U.S. dollar parity.

The growth rate of mineral output has levelled off and declined in the first part of 1971 because of the downturn in commodity prices. Mineral production which grew more than 45 per cent between 1966 and 1970 despite several turns of the sanctions screw fell by 8 per cent in value in the first five months of the year. It is no secret at all that one of the major nickel mining groups is finding it very difficult to move its production.

after backbencher called on the Government to reconsider its policy on the sitting of African townships. They argued that European interests must be paramount in White areas, and that African townships should therefore be sited in the African Tribal areas, although this would be a Local Government Minister Mark Partridge (who, ironically, used to be regarded as a right wing rival to Mr. Smith) stated when he argued that sitting of the townships on this basis did not make economic sense.

Subsequently, Mr. Smith appeared to be edging towards the right-wing view when he spoke of the need for a re-examination of township-siting, though, to be fair, he did reject out-of-hand, some of the more extreme suggestions. These rumblings make it plain that the Front is just that—a front rather than a party. It contains people of extremely diverse views from the hardline separatist development school on the right to the ex-Welensky men (including Mr. Smith himself) in the middle and on the left, whose real interest is the retention of the status quo in a rapidly-changing continent. Despite the very serious social and economic problems being thrown up by the rapid rate of population growth, this mainstream within the party is in no hurry to follow a South African solution.

So long as the external threat in the form of sanctions has existed—and continues to exist—Mr. Smith has had no great difficulty in keeping the front intact. He retains enormous public support (though this may have waned somewhat recently); and there is no alternative leader within the Cabinet or even within the party and certainly no alternative Government in waiting.

Thus Mr. Smith might appear to be well placed to push a settlement through Parliament especially as, in the event of a general election, he could count on the support of a business community weary of the sanctions war. There are, however, four fundamental problems. First, no-one can expect Britain to accept a settlement formula which lacks significant African support. Sir Alec Douglas-Home (admittedly as long ago as 1964) rejected Mr.

Iron law

Finally and most fundamentally, any agreement—other than a total British capitulation—would mean reversing a deep-seated trend in Rhodesian politics. Not only are Sir Alec's Five Principles (however loosely interpreted) completely incompatible with the policies of the Front, but for Mr. Smith to settle would mean bucking the Iron Law of Rhodesian politics which states that each Government is more Right wing than its predecessor.

Since the liberal Garfield Todd was ousted 13 years ago, each Rhodesian Prime Minister has been several paces to the right of his predecessor. There is certainly no evidence in Rhodesian domestic politics at this moment to suggest that Mr. Smith is about to break this sequence by turning the other way. Consequently, if Lord Goodman is to bring home a draft settlement he will first have to offer major concessions that would leave Government securely in white hands for the foreseeable future.

Dollar pegged

In addition to these problems—all of which are, to some extent, sanctions-imposed—international trade and currency developments have not helped. The downturn in commodity prices is turning the terms of trade (which deteriorated more than 14 per cent between 1965 and 1970) further against Rhodesia at a time when import prices and freight costs continue

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INDUSTRIAL FINISHES

The Financial Times will publish on Wednesday, 13th October, a survey of Industrial Finishes. The following indicates the proposed content of the survey.

- INTRODUCTION:** This will outline details of latest developments and techniques which are being pursued in the battle against corrosion. What are its causes, what are the consequences, and, above all, what are the costs incurred in its prevention? What are the costs of ignoring the problem?
- ELECTROPLATING:** Outline of the wide variety of metal finishes available and their individual suitability for differing items. Is there scope for further improvement in the design of plating equipment?
- PAINTS:** The range of paints available offering various levels of protection in different circumstances. The preparation required before application and the actual method of application are as important as the choice of the paint system itself.
- HOT DIPPING AND SPRAYING:** The uses and value of these coatings in isolation or co-existence with paint. The characteristics of coatings produced in this manner and a brief analysis of the equipment used in the process.
- COATED STEEL STRIP:** What advantages does the strip user have from a supply of metal carrying a controlled, uniform coating? The production and uses of tinplate and zinc-coated strip; developments in painted and plastic coated steel strip.
- CATHODIC PROTECTION:** The methods of application and possibilities for use of this system (e.g., on ships, marine installations and pipelines); control of protective systems to obtain maximum efficiency.
- WATER TREATMENT:** The principles of corrosion inhibition by water treatment, applications to supply waters, heating systems, car radiators, etc.

STRIKES CONTINUE IN ISRAEL

TEL AVIV, Sept. 7. EMPLOYEES at Lydda international airport called a sudden end to their ten-hour wildcat strike today. But the nation's labour and economic unrest spread with a one-day strike by nearly 8,000 grocers, and customs workers at the airport remained off the job for the sixth day. Their counterparts at the port of Ashdod followed suit, virtually closing one of Israel's major sea outlets. UPI

Ghana police search TUC

By Our Own Correspondent

ACCRA, Sept. 7. POLICE to-day searched the headquarters of the Ghana Trades Union Congress following new Government allegations that the TUC's general secretary, Mr. Benjamin Bentum, had been inciting economic subversion and organising illegal strikes. The move comes just a day after the Government announced its intention to introduce new legislation which will deal a devastating blow at the TUC's authority.

A platoon of police searched the TUC headquarters and Mr. Bentum's home, looking, according to a police spokesman, for documents and arms. According to the Minister of the Interior, Nicholas Adade, Mr. Bentum's whistle-stop tour of the country in the past two weeks, during which he issued threats and challenges to the Government, indicated that there was more to his activities than trade unionism alone.

Meanwhile, according to the Attorney General, Mr. Victor Owusu, new legislation will stop the check-off system whereby dues of trade union members are deducted at source and paid to the TUC. This will be a serious blow to the Congress, depriving it of most of its financial support and its centralising role in the labour movement.

Mr. Owusu said that under the new legislation, dues deducted would only be payable to specific unions. There are 17 unions at the moment and each of them will henceforth become autonomous.

The measure is one of a number of retaliatory moves by the Government against the TUC leadership which has denounced aspects of last July's budget. They have been campaigning in particular against the "national development levy" under which 5 per cent of wages above 34 cedis per month (\$54) is deducted by the Government.



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U.K. to order 3 nuclear power stations by 1980

BY DAVID FISHLOCK, SCIENCE EDITOR

GENEVA, Sept. 7.

BRITAIN disclosed to-day a plan to order three or four big nuclear power stations based on the fast reactor before the end of the 1970s.

A strategic plan, endorsed by the three U.K. electricity generating Boards, the nuclear industry and the U.K. Atomic Energy Authority, has been made that assumes Britain will order its first 1,300 Megawatt commercial fast reactor in 1974. Sir John Hill, chairman of the U.K. AEA and British Nuclear Fuels, told delegates to the fourth Atoms for Peace conference to-day.

By 1980, he said, Britain would expect to have three or four stations of this size on order, and enough confidence in the system to continue to order as quickly as supplies of plutonium and the growth of electrical demand permitted.

Capital cost, said Sir John, "should be little if at all higher than thermal reactors of the same size and built at the same time."

He was confident that "even at to-day's uranium prices, fuel costs for a programme of fast reactors should show advantages over the best that thermal reactors available at the same time could offer."

Advantage

This economic advantage, when applied over substantial programmes of reactor construction, represented a big saving in generating costs—mostly in costs of uranium imports.

It was gratifying to record, Sir John continued, that the strategic

plan was consistent with forecasts made by Lord Penney at the last Atoms for Peace conference in 1964—that the first commercial fast reactor would be generating towards the end of the 1970s.

Turning to thermal reactors, which would continue to be built as the source of plutonium to fuel the commercial fast reactors, Britain, he said, had discarded the Dragon-type fuel for high-temperature gas-cooled systems as incompatible with her fast reactor plans.

But a new fuel had been developed, using low uranium enrichment, that allowed this type of reactor to be combined with a fast reactor programme. It promised a "10 per cent or more improvement in cost" compared with the AGRs.

Fuel performance so far compared well with alternative nuclear fuels and the fuel had been incorporated in a design of reactor that made full use of extensive experience of gas-cooled systems.

Steam cycles

The best features of earlier systems—prestressed concrete vessels, high efficiency steam cycles and conventional turbines—would be retained.

The two British design and construction groups had recently submitted proposals to the Central Electricity Generating Board for a lead station having a single 750-megawatt reactor and turbo-generator, to be built at Oldbury.

The outcome of these quotations, and a third for a twin-reactor station based on the steam-generating heavy water reactor, would determine, said Sir John, "the priorities in our thermal reactor development programme for the future."

Sir John told me afterwards that it might require another two years to determine the future course of nuclear energy for Britain. But he was optimistic they would get it right in the end for all parties.

He believed several major problems had already been resolved, among them the commercial future of the fast reactor, through the recent union of interests between Britain and West Germany at both Governmental and commercial levels.

The centrifuge route to uranium enrichment and the reprocessing of spent fuels are greater areas where satisfactory "marriages" have been arranged.

First steps

First steps have been taken to try to unite the heavy water reactor interests of Britain and Canada, said Sir John, and such a union might take in other nations with a serious interest in such a system.

The Japanese, for instance, have embarked on a prototype of their own steam-generating heavy water reactor, the only system, in the view of many in the nuclear industry, ready and suitable for export by Britain.

Turning to the domestic scene, where a major review of reactor policy is under way, Sir John said it was unrealistic to think Britain might order all the systems it was developing. But the ones chosen would depend on the outcome of discussions with other countries.

Britain's main goal was the fast reactor, and here great care had been taken to ensure that all interested parties were moving in the same direction. The first commercial fast reactor was already being designed by the Nuclear Power Group, at the expense of the U.K. Atomic Energy Authority.

This work would keep the design team fully stretched until the order was placed for the first commercial fast reactor.

Tenders had been received for commercial versions of both a steam-generating heavy water reactor and a high-temperature reactor. The precise comparison with alternative systems for the site, but both sustained claims made for the systems.

HERTS. WEEKLY NEWSPAPER TAKEN OVER

The Hemel Hempstead Gazette, established in 1888—one of Hertfordshire's oldest weekly newspapers—and its later companion, the Berkhamstead Gazette and Tring News, have been sold.

Both publications were owned by Hertfordshire Newspapers, of Hemel Hempstead. The new owners are G. T. de Franke and Co., of Aylesbury, Buckinghamshire, publishers of the Bucks. Herald. No figure has been disclosed.

Kelly encourage by UCS talks

BY ANDREW HARGRAVE, SCOTTISH CORRESPONDENT

GLASGOW, Sept.

THE NEXT two or three weeks will show whether Mr. Archibald Kelly, the Clydeside industrialist, will be able to buy the Clydebank yard of Upper Clyde Shipbuilders from the liquidator, Mr. Robert C. Smith, and so help to solve the Government's problem of trying to reorganise shipbuilding in the area.

After a meeting in London with Sir John Eden, Minister for Industry, Mr. Kelly felt "greatly encouraged" as he stepped off the aircraft here this evening.

A concession

One reason was the obvious concession by the Government in allowing him to negotiate with shipowners whose contracts, involving a total of 14 ships not yet laid down, are in abeyance. Up to now the Government seemed adamant to keep the contracts for the new company based on the Govan-Linthouse complex within UCS it hopes to establish before the end of the year.

During the next week or so Mr. Kelly and his financial adviser, Mr. James Sharp, will see as many of the owners as possible as well as others, either building ships at Clydebank or interested in placing orders for oil rigs. The Clydebank yard has so far delivered six such rigs for the last two being self-propelled.

Then Mr. Kelly will have to obtain the co-operation of the trade unions at UCS, particularly the ship stewards, now in its attitude and no longer insist on the whole of UCS being kept as one unit, they still demand the

to be announced to-morrow.

Foreign visitors at peak 908,000 in July

FOREIGN VISITORS to the U.K. reached a peak of 908,000 in July, the Department of Trade and Industry and the British Tourist Authority reported yesterday. After seasonal adjustment, the figures nevertheless confirm a levelling-off in the upward trend of foreign tourists.

Arrivals in July were 10.5 per cent higher than the previous July, a month which usually accounts for about a fifth of the total for the year.

In the first seven months of 1971, almost 3m. foreign visitors have come to the U.K., marking an increase of 11.5 per cent when compared with the same period last year.

After seasonal adjustment, the number of visitors in July, at 401,000, was slightly less than in June, when the figures were 406,000. In June, however, a levelling-off in the upward trend suggested recent month's figures, the said.

According to the seasonally adjusted figures, April was the best month for tourists, with 434,000 arrivals. The figures, which represent about two-thirds of all overseas visitors, are limited to tourists from foreign nationality and Commonwealth citizens. Visitors from the Irish Republic, who are one of Britain's most popular tourist attractions, are included in the figures.

But the results also show a slight decline in the number of visitors in July, at 401,000, was slightly less than in June, when the figures were 406,000. In June, however, a levelling-off in the upward trend suggested recent month's figures, the said.

Big groups interested in £4m. shops complex

BY DAVID WALKER

SEVERAL major retailing groups are claimed to be showing interest in plans for a £4m. out-of-town shopping complex on a 25-acre site at Stapleford, near Nottingham, unveiled by the Lyon Group yesterday.

Planning permission for the 450,000-square-foot complex, known as the "Stapleford Shopping Centre", has already been applied for. Assuming consent is forthcoming, Lyon stated at Stapleford yesterday, the project could be operational by 1974.

It would comprise two large department stores, a chemist's store, and 35 single shop units. Also in the master plan are a petrol service station, a public house, a cafe and restaurant, a leisure centre, a children's playground with a crèche, and parking for 3,000 cars.

The site at present is part of a 230-acre rose nursery. The earth

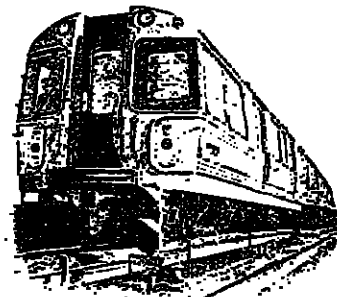
on that section involved is said to have now become tired and unsuitable for rose-growing. Assurances about proper landscaping of the development have been given by Lyon to the current owners, C. Gregory and Son.

Among those present at the unveiling were representatives from Debenhams, Pricerite, Fine Fare, F. W. Woolworth, the Co-operative Movement, British Home Stores, J. Sainsbury, Keymarkets, Mac Fisheries, Boots, United Drapery Stores, Lipton, and Esso Petroleum.

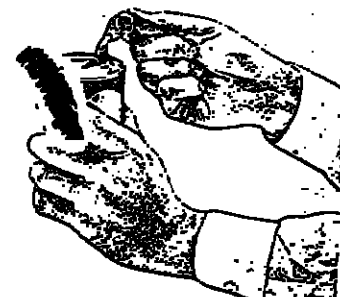
They were told by Mr. A. G. Byfield, managing director of the Lyon Group, that the company was "convinced of the future value to the whole community of out-of-town shopping centres, even though there may only be scope for a limited number in this country."

Alcoa Aluminium was used in lift grilles as far back as 1891.

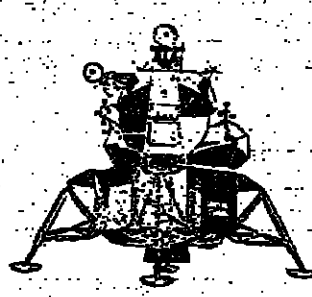
1933 Alcoa helped design lightweight aluminium tube trains for underground transport systems. As the world's largest aluminium company, Alcoa is a vital part of the current transportation revolution.



1960 The convenient tear-off feature for opening cans has been one of Alcoa's most popular developments. Today a wide variety of food is available in containers with these easy-open aluminium tops. And for tomorrow we have more exciting packaging innovations coming up.



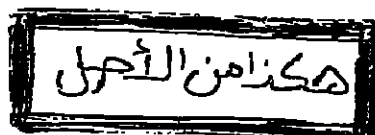
1969 We're proud of Alcoa's part in man's journey to the moon. Eagle, the first manned spacecraft to land on the moon, was an aluminium structure embodying many of Alcoa's innovations. Today we're only the world's largest aluminium company. Tomorrow...!



Sometimes a business has trouble defining its problem until Alcoa comes up with the solution.

We're constantly introducing aluminium to businesses that have never used it before.

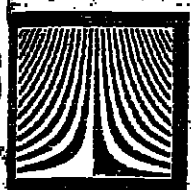
Give some thought as to how Alcoa Aluminium could fit into your planning, your future, your community.



For innovations in aluminium, consider Alcoa first.

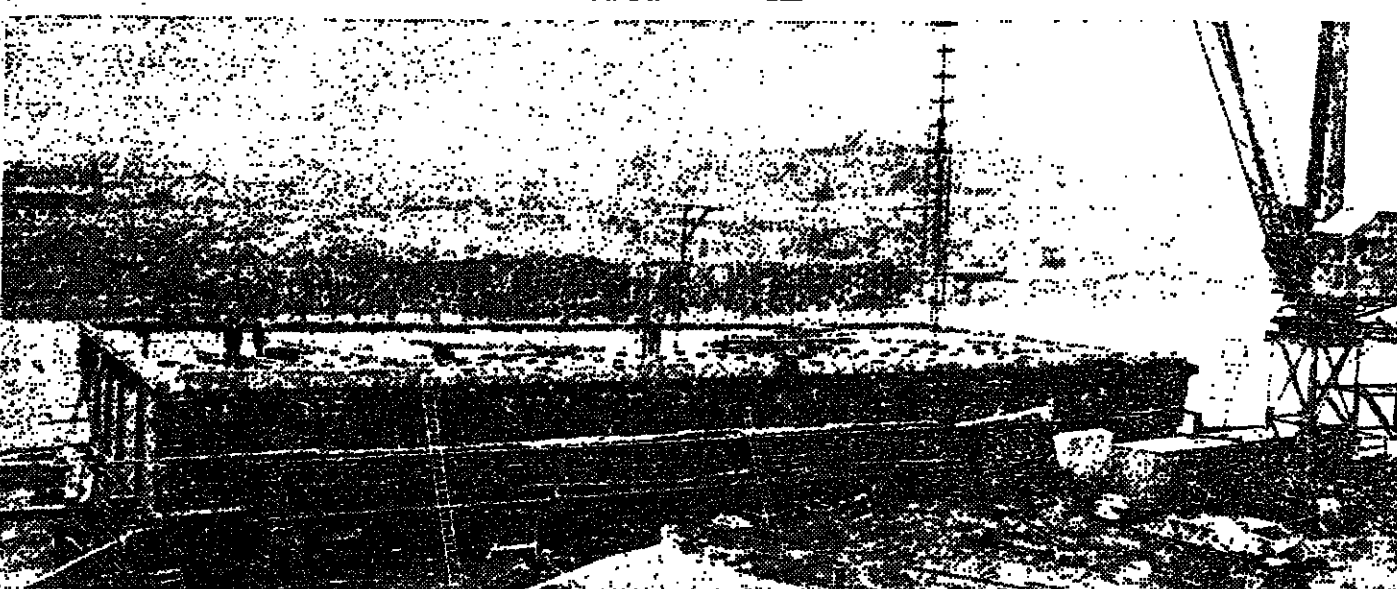
ALCOA

Alcoa of Great Britain, Ltd.
Alcoa House, Droitwich Worcester



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS



its guard gate measuring 133 feet by 55 feet, and having a width of 12 feet and weight of about 730 tons, for use in the Mersey Dock and Harbour Company's new Seaforth passage, as designed by Rendel Palmer and Tritton. It was launched from Head Wrightson's slipway at Teesside last Monday and is now being towed around the south coast up to Liverpool, where it will be dry docked to have its final fitting carried out. It is expected to be "stepped" into position early in November.

As a side-hung, single-leaf gate, it is the only one of its kind and size in the U.K. and will be operated by winches and by ropes situated at one side of the passage. This gate will act as a safeguard in the event of failure of the sector gates and also as the main passage gate during the maintenance period of the sector gates. In addition, it can be removed and used as a floating emergency caisson in six positions at other entrances in the Liverpool Dock system.

Hard lines for the motorist

UNTIL more sophisticated systems are developed, white and yellow lines on roads will probably remain one of the best and least expensive devices for managing traffic and reducing risk of accidents.

In the meantime, there is a demand for equipment to apply these road markings accurately at fairly high speeds. Prominent among the manufacturers of the equipment is Prismo Universal, of Rowfant, Sussex, a subsidiary of the Redland Group, which believes that it already has over 50 per cent of the U.K. market.

This company specialises in the application of thermoplastic materials as laid down in British Standard S282 Part 1 of 1968 and it also claims that by making its own additions to the materials specified in this Standard it is able to offer road markings that are said to last longer.

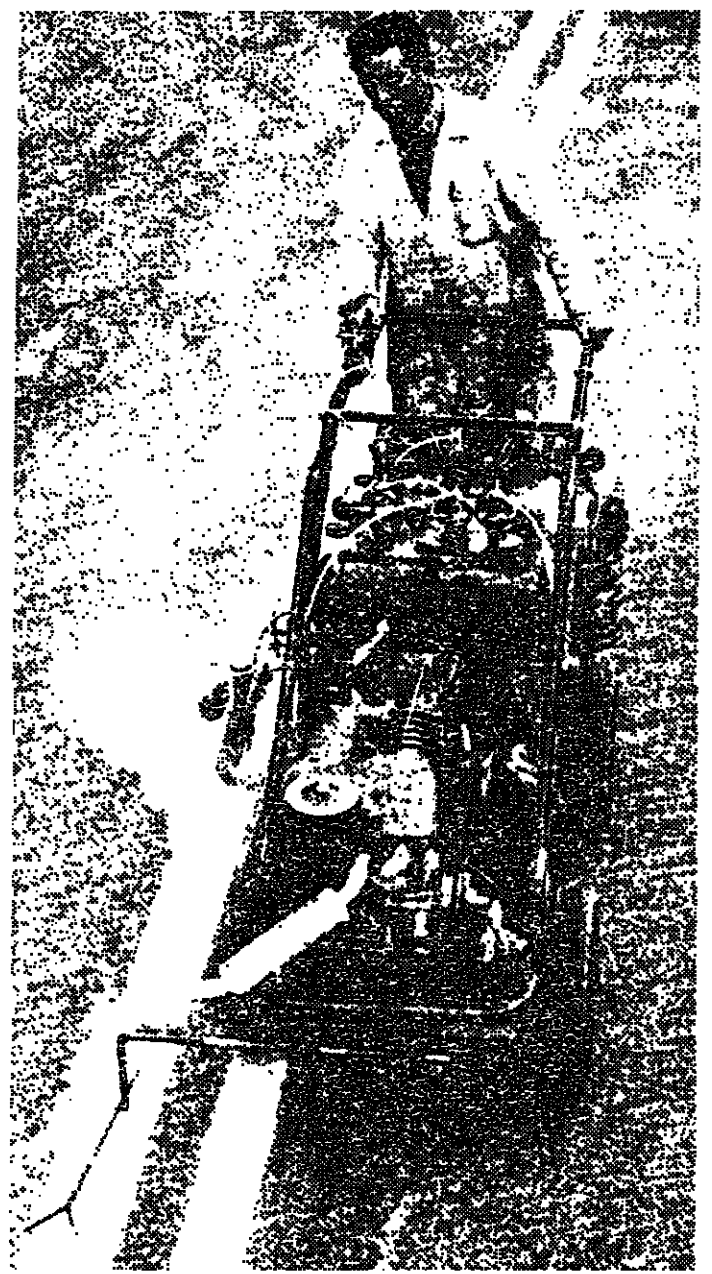
Prismo admits that it brought the concept of high-speed marking from the U.S., but is now in a position to export back to that country as well as many others. In the last financial year exports of road marking equipment were worth well over £300,000 and the company thinks this could rise to between £3m. and £5m. in about five years' time. The potential U.K. market is thought by Prismo to be in the region of £4m. annually.

The material used for road marking has been greatly improved since the last war. The cost of constant renewal of markings inevitably led to the present highly durable thermoplastic materials which, although requiring heat, can be adapted for both hand and automatic spraying systems.

Essentially, these materials consist of a resin and aggregates mixed with pigment and Ballotini (very small glass beads used to give reflectivity). These materials are now applied by purpose-built vehicles

at speeds up to 5 m.p.h. They set very quickly on the road surface and a second vehicle running a short distance behind, acting as a traffic control, gives a sufficient time interval (about 30 seconds) for the markings to set. Normal traffic is thus able to travel over the markings almost immediately. The materials resist extremes of temperature and their formulae can be modified for use in the differing climates of the world.

Machines for applying these materials range from small self-propelled machines guided by pedestrian operators to large lorry-mounted equipments for high-speed motorway marking. Current research at Rowfant is being devoted to finding ways of applying the markings and the machinery needed to apply the markings and it is especially interested in finding a way of avoiding the use of heat and thus reducing operating costs.



One of the latest Prismo highway marking units—the Mini-Sprayplastic machine—which has been designed to lay yellow parking restriction lines, 75mm thick.

METALWORKING Profiling bar or tube

PROFILES on bar or tube are being formed with "significantly lower pressures" by a new form rolling process developed in Scotland.

The process is claimed to offer fresh possibilities in the substitution of metal forming for more complicated and expensive metalworking processes. By a combination of machine and tooling design (for which patents are pending), new techniques have been developed in four main areas: through feed thread rolling bars; fin rolling tubes of ferrous and non-ferrous metals, including stainless steels and aluminium bronzes (up to 40 fins/inch on copper tubing); through feed annular rolling of tubes for profiling (for example, ball bearing inner races); and thread rolling part hollow part solid components such as socket set screws in diameters of 1 inch upwards.

The company which developed the process, Prosper, of East Kilbride, Glasgow, is shortly moving to a factory at Stewarston, Ayrshire, to provide room for expansion. Three services are offered: help in the development of formed bar or tubular components; a contract production service for component forming; and the provision of purpose-built machines.

ANDREW HARGRAVE

PRODUCTS

Easy wood joints

HANDYMEN who find the intricate mortice and tenon joints too much to cope with, now have an alternative for making quick easy wood joints, the Hand-I-Plate.

This is a galvanised mild steel strip 5 in long, 1½ in wide and ½ in thick. Five 2 in long teeth project from one half, the other half has six screw or nail holes. Joints are made by driving the teeth into open piece of timber, positioning the second piece as required and screwing (or nailing) the plate to it. For extra strength plates can be used both sides of a joint. For right-angled joints the plate is bent.

Hand-I-Plates are supplied by British Industrial Fastenings, Aylesbury, Bucks.

Dual-rate jack

DUAL pumping rate hydraulic jack, lifting 20 tons at 20 strokes/inch or 100 tons at 115 strokes/inch to a maximum of six inches, has been introduced by Wexley and Scott, Park Lane, Handsworth, Birmingham, 21.

The jack weighs only 108 lbs. and is fitted with two carrying handles. It is 12 inches long, 5½ inches wide and 12½ inches high (closed). Two versions are available—plain ram or screwed ram and retaining nut.

ELECTRONICS Second ITT distributor launched

AT WHAT might perhaps be considered a difficult moment in view of the depressed electronic industry situation, ITT has set up a new component distributor organisation called Blue Line Electronic Components.

The fact that distribution within the electronic industry has a faster growth rate than the rest of the industry clearly has a good deal to do with it, together with what the corporation consider to be restricted possibilities for adding new franchisees to their existing distributor operation ITT Electronic Services.

Blue Line will not offer ITT components—a fact that could well account for the names on the franchise list: Texas Instruments; Bournes; Plessey Capacitors; Union Carbide Capacitors; International Rectifiers and Key-Switch Relays.

Furthermore it will have an independent headquarters at the Refuge House, River Front,

Enfield, Middlesex, and an apparently expected to remain manager newly brought in from virtually unaffected by the new elsewhere in the distribution situation. Ron Luckman, general industry—Terry Walker. The manager overlooking the operation new organisation starts off with a staff of 15, and, says Walker, add to its customers and increase freedom from worry about the its turnover.

In the jargon of the distribution game, Blue Line is described by ITT as "both a broadening puterised stock control, order and supplier selective." The lines processing and forecasting per from the six different manufacturers by Electronic Services, facturers are claimed to be He believes that this will leave almost wholly complementary, the staff much freer to get on and their products are being with the job of selling and giving stocked in depth. Hence a pretty broad spectrum of products is to ITT Electronic Services is covered.



We've impressed you as individuals but don't underestimate our teamwork

We don't make a point of pulling our weight too often. Because we believe that steel stockholding is a personal service. And we're big enough to carry individuals. To encourage them to make use of their own skills and strengths. That way we give our customers the best possible service. In quality and quantity. But every one of our team has a GKN

vest when it's wanted. We combine to form tremendous collective power. To buy economically. To distribute efficiently. But mainly you'll see our team in their individual colours. They're no lightweight even then. And if you would like to see us really pull together, just get on the other end of the line.

The GKN Steel Stockholding Companies - The big team that is part of GKN

Brinton, Adams & Richards Ltd., Wednesbury, Staffs. 021-556 1292.
C. C. Dunkerley & Co. Ltd., Stockport. 061-483 1461/19. The Dunkerley Steel Service Centre, South Ockendon 5141 (10 lines).
W. Galloway & Co. Ltd., Blaydon-on-Tyne. 0694-25 2121.
Thos. H. Howell Ltd., Newport 51515 and Milford Haven 3256 and 2750.
H. Lees (Bridge End) Ltd., Ashton-under-Lyne, Lancs. 061-330 4652. Macnays Ltd., Middlesbrough. 0642 48144.
John & Charles Murray Ltd., Glasgow. 041-336 5553. Nettlefold & Pike Steel Service Ltd., Colnbrook, Bucks. 3232.
Roberts, Sparrow & Co. Ltd., Wombourne, Staffs. 4151. Manchester 0457-5 3211, and South Ockendon, Essex. 3466.

Improving modular tanks

STORAGE vessels for liquids and granular solids made from standard panels have the advantage that their dimensions can be tailored to suit the customer's needs.

In addition, as they can be increased or reduced in size as

necessary with very little trouble they can result in a very flexible storage system. Since their introduction they have been accepted by industry as an alternative to ready-made tanks, and research is going on in a number of companies to improve the performance and reduce the cost

of constructing a storage vessel by these means.

Lightweight glass reinforced plastics panels of unusual design have been announced by C. P. Taylor of Winal Manor Industrial Estate, Moorside Road, Winchester, Hants, to reduce weight and cost.

The panels are one metre square, and those intended for use at the junction of the vertical faces with each other or with the base have edge faces with a 45 degree mitre. Thus, when they are bolted together they form a joint that is rigid enough to support the full container without any external reinforcement.

The inner faces of the panels are dished with a cruciform pattern that increases their rigidity with a lower weight than is necessary with a standard panel.

Weight and cost savings will depend on the size and type of tank being constructed, but as an example a rectangular unit 2 metres deep and with a capacity of 120,000 litres would be about 25 per cent lighter and 20 per cent cheaper than one made of conventional GRP panels.

According to Taylor, a company in the Weir Group, the panels are suitable for applications ranging from mundane domestic water storage to fuel oils, chemicals and other corrosive liquids. Their internal resistance to chemical attack is matched by their ability to withstand atmospheric chemicals on the outside.

But although different panel designs are obviously important, there is still a need for more research into their behaviour when assembled into complete structures. This is of increasing importance as the size of modular vessels grows as it is bound to do, and BTR Leyland, of Silvertown House, Vincent Square, London, S.W.1, which manufactures panels, is now in the process of examining the behaviour of panels as components in large structures.

At present the tanks, with a capacity, individually, of 3,200 gallons, are being used for storage of resins used by the company at its Usbridge plant while measurements are being made. According to the company, their resistance to chemical attack, from a wide variety of fluids, is already established, and they have the advantage over steel in that they are made of a material that has a stable price.

No carbon required (NCR) pressure sensitive paper has solved many office management problems. However, it has also brought many difficulties to the stationery manufacturers who handle this material. After considerable trials, Kalamazoo has found a method of handling reels of NCR paper without damaging the material.

Palletisation of reels has the disadvantage of impressing outer layers and destroying the stock. For this reason, reels could not be stored in pyramids and racking was unsuitable. With such a sensitive material Kalamazoo handled reels to printing processes and, for some time, accepted as inevitable the loss of dropped and bumped reels. It was obvious that some more efficient mechanical handling system was required and Kalamazoo looked at other companies for a solution.

It was found that one answer was a reel clamp and end-on storage. Unfortunately, the pressure required to grip reels could damage the paper, so a modification was sought. A rotating reel clamp attachment was obtained and the face of the clamp jaws covered with a layer of foam rubber.

In operation, it has been found that Lansing Bagall reach trucks equipped in this way can clamp the reels and stack them for storage. When needed for processing, the reels can be rotated through 90 degrees and offered to printing machines.

Since the adoption of this routine, not one single reel has been wasted and the method of solving an expensive problem is thought to be completely original in the U.K. The only other company handling NCR paper in such a way is in France.

W. H. Brady Company, of Breakspear Road, Ruislip, Middlesex. Improved production and quality control methods in computer, electrical, aircraft, space, telephone and other industries is claimed eliminating from 30 to 60 per cent of the time usually required to identify circuits.

Wire identifying systems can be produced for use with either mains current or battery, and can search, locate and identify up to 999 different wires in a cable or harness. The equipment eliminates many of the less efficient and more costly methods being used to-day, such as wire colour coding, continuity tracing and electrical huzzing and ensures rapid identification for individual wires in a multi-wired harness which can then be permanently marked with any of Brady's pressure-sensitive wire identifications. It also sequentially displays the identity of any number of short-circuited wires within the 999 range and will also locate any desired single wire within the 999 wire grouping.

The new equipment consists of various encoders which provide individual wire identity at the source and matching operator displays available in either bench-mounted versions or as portable hand probes. The hand probes are capable of automatically identifying wires by digital read-out miles from the encoding source.

A small circular display of ten lamps labelled with the numerals 0 to 9 is used together with a voice switching device. The lamps light in numerical sequence. Any sound spoken in coincidence with a lighted numeral will activate it. The machine stores the numbers as they are captured by the user and reads them over the line at the end of the sequence when a special instruction is given. A stored number can be used at a later date using the same special instruction, but storing a new number automatically erases the old one from the memory.

Hands-free dialling

A DEVICE that at least provides a temporary solution to the problems of machine voice identification is being examined by Bell Telephone Laboratories, of Murray Hill, New Jersey, U.S.

Identifies hundreds of wires

WIRE identification by a digital read-out system is offered by the

Automatic using of fabrics

There are two models of this equipment, one allowing fusing of materials up to 36 inches wide and the other up to 24 inches wide.

Single step to yarns

YARN can be made in a single, simple process starting from synthetic monofilament under a method being patented by J. van Tilburg of Lyceumstraat 74, Alkmaar, Holland.

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Vehicle and General Tribunal of Inquiry Insurance company crashes caused backlog at Ministry

SENIOR official of the Department of Trade and Industry told a V & G Tribunal in London yesterday that in 1967 the work of examining insurance companies was in arrears because a staff were preoccupied with a enormous amount of work arising from the collapse of companies.

Mr. Thomas Edwin Dawson, principal in the insurance branch of the Insurance Companies Department was giving evidence on a 22nd day of the inquiry into the collapse of the Vehicle and General Insurance Company.

He said the basic cause of this work getting into arrears was at too few staff were engaged and it had also been preoccupied with work of the Bill of the 1967 Companies Act.



John Davies, QC

Low volume

The collapse of companies gave rise to an enormous amount of correspondence and telephone inquiries. In addition the 1967 Act introduced a whole new volume of work. It brought into the pre-arranged Act a large number of insurance companies who had not been in the business before. The authorisation procedure under the Act also gave rise to a large number of applications. As a result there was a reorganisation of the work as it was done and there was a need to put back in the work which was being done in respect of a particular company.

The branch was divided into two and one section was able to devote its time entirely to the examination of the companies' accounts.

Mr. Dawson said that when he was transferred to the branch at the end of September, 1967, he was aware there had been discussions about V & G's low volume ratio and there had been a suggestion that the company should have adequate reserves and be perfectly solvent on the most conservative basis.

Criticisms

The history of the company's main concern was the criticisms advanced by the British Insurance Association, and it was reasonable to expect that if G had been admitted to membership, the criticisms which had been made by senior officers of the large insurance companies would no longer be valid.

Mr. Dawson added: "So it used to me there was no case pursuing this company for all which were not required any company other than one which was clearly heading for insolvency."

In a cross-examination by Mr. Davies, QC, for the Tribunal, Mr. Dawson agreed that 1966 accounts showed a substantial increase in premium income for that year.

Mr. Davies suggested that if the 1966 accounts were examined, it fairly looked as if it was fast going to be selective. In 1966 there had been a rash of failures far as cut-price insurance companies were concerned and no doubt V & G benefited from this in 1967 and to some extent in 1968.

Mr. Dawson said this would be so if one assumed that the examinations of these companies went to V & G.

Mr. Dawson also agreed that the adequacy of the V & G reserves had for a very long time been in question and that if there was any inadequacy, with the reserves which had been suggested would be more easily concealed.

But, he said, from the evidence before him in the department the company appeared to have sufficient free assets to provide for the reserves which had been suggested were necessary.

He added: "One has to remember that we were not looking at an established company that had fallen on bad times. This was a new company which had reached an historic point in its development. There was certainly no deterioration and there were a number of significant features which suggested improvement."

Mr. Davies referred Mr. Dawson to an article in the Financial Times which said the outstanding claims position of the company was very low at 15 per cent.

"Do you appreciate that the Financial Times was saying that if that ratio was raised to only 25 per cent, the company would need another £1m. to provide for that additional reserve?"

Mr. Dawson said even at that time he was aware that the great difficulty in insurance companies was the element of uncertainty in estimation, and one company's experience differed from another.

"I did not disregard the fact that V & G's outstanding claims reserves were low compared with others. But I had to take note of the company's explanations. Primarily what influenced me was that the company could reasonably claim to have an excess of assets over liabilities which would discount the criticism which had been made of them."

Level rate

"I think it is firmly on the record that most experienced insurers deplore the idea of applying a form of overall market average to a particular company."

Mr. Davies: "What I'm saying is this. If the industry's average experience is one thing, and you have no knowledge of the actual experience of any particular company, are you saying that you should go on permitting that company to continue in business when it is well out of line with the industry generally?"

Mr. Dawson: "In this case the company's experience appeared to have been at a reasonably level rate compared with its own premium income."

That rate, he said, was not out of line with what might be accepted as a market norm, if one accepted the idea of a market norm.

Mr. Davies suggested that V & G's 1966 accounts got very cursory examination because V & G had joined the BIA fold and "secondly you thought the 1967 regulations were coming along and therefore at this stage we will leave it yet another year."

Mr. Dawson said that membership of the BIA made no difference to the status of the company in the eyes of the Department.

As to the suggestion that they deferred a fuller inquiry of V & G until the new regulations came in, he said: "There might be some validity in this. It would be very much in my mind at the time that what had been sought without success from the company would, in what I thought then was the very near future, be required by statute."

"I did not then know that the statistical information to be required under the new regulations would, by concession to the BIA, not be required until a year later than the date on which the new regulations came into effect."

Contrast

At the conclusion of his evidence Mr. Dawson was asked by the chairman of the Tribunal, Mr. Justice James, whether he wished to add anything to his evidence by way of personal explanation.

Mr. Dawson said: "One is conscious in this seat of the tremendous contrast between the resources available to the Tribunal in assessing what is now an historic situation with the resources available to us in reaching a contemporary decision."

It had been suggested that he had dealt cursorily with the accounts. He dealt with them as fully as possible as the knowledge and resources available enabled him to do at the time.

The hearing was adjourned until to-day.

National launch for Wilkinson 'System'

BY ANTONY THORNCROFT

A NEW round in the battle for the wet-shave market between Wilkinson Sword and Gillette was started yesterday with the announcement that Wilkinson is to launch its Bonded Shaving System nationally.

Chairman Mr. Denys Randolph regards the System as the biggest step the company has taken in product innovation since the introduction of the stainless steel blade in 1961.

Basically the System takes a shaving edge and bonds it rigidly between a guard bar and a protective shield at a precise and, the company claims, incomparable shaving angle and protrusion. The system costs £1.10 and refill dispensers of five blades cost 36p.

The unit has been tested in the Southern TV region and the good response there has led to the national launch.

Research in the trial area showed that 83 per cent of the initial users remained loyal to Bonded Shaving. The response in the U.S., where it is the market leader in some areas, West Germany and Canada, has also been encouraging.

The original contribution of the new system is claimed to be that it takes the final assembly of the blade and razor away from the bathroom and into the strict quality control conditions of the factory.

It should mean, the company says, more and smoother shaves from the same blade.

To back the national launch, Wilkinson is running a much increased advertising campaign in the pre-Christmas gift-buying period. Because of the intense competition, few figures are given in the razor blade industry, but the TV campaign should be at least double the £80,000 pre-Christmas 1970 advertising burst.

As an additional promotional factor, Wilkinson Sword can point to the fact that Chay Blyth used the Bonded Shaving System during his round-the-world voyage.

Although it may take 15 years for this much more expensive shaving unit to overtake stainless blades, Mr. Bob Bartlett, managing director of the U.K. product division, expects it to ensure that Wilkinson's current claim of 51 per cent share of the wet shave market is more than maintained.

Gillette Industries was quick to react to the Wilkinson announcement by reporting from its Boston headquarters that its own new shaving technique will "go to the United States in the autumn."

In the Gillette Trac 2 razor, each cartridge contains two blades, fixed, the company says, at the optimum shaving angle. The first blade engages and shaves a whisker and before the remaining stub has time to retract, it is shaved by the second. Nickel and cuts are virtually eliminated.

The razor has been on test in the U.S. for some time.

BRITISH ASSOCIATION

Farmers rely more on family help as labour drifts away

FARMERS ARE relying more and more on family help because of the drift of labour from the land, the British Association at Swansea, yesterday.

Anthony Hoare, lecturer in geography at Queens University, Belfast.

The airport seemed more likely to reduce the number of factory jobs but increase office jobs. As factory jobs were in the majority, the overall effect of Heathrow on Secondary employment around it could well be harmful.

The prospect of new jobs outside an airport was often put forward as an argument for building a new one, and estimates given to the Roskill Commission on the third London airport ranged from 7,000 to 30,000.

"Such opinions are not justified by the citing of any convincing supporting evidence," Mr. Hoare declared.

over matters of concern, according to Dr. Kenneth Mellanby, director of the Nature Conservancy's Monks Wood Experimental Station.

"Since the research councils were put under the Department of Education and Science, there has been a tendency for scientists to tell them they must behave like civil servants and must not say or do anything which might embarrass their Minister," Dr. Mellanby said.

This was dangerous, he thought. It could lead to a situation where the real experts—not the bogus ones who so often hit the headlines—were prevented from speaking on matters of vital importance.

Hydrogen, extracted from the sea by nuclear energy, could be the answer to the shortage of power, when the oil wells dry up, and also to pollution, Mr. Francis Bacon, the inventor of the fuel cell, claimed.

Giant nuclear stations sited on the seashore would produce hydrogen to be piped inland, he said. It could be used for heating homes and factories, for running steelworks instead of coke, and for feeding the chemical industry in place of oil. Electricity could be generated locally from the hydrogen in fuel cells. It cost only one-sixth as much to transmit energy by piping hydrogen as to transmit the same energy by electricity in overhead wires, which could have an amenity value.

"With ten times the present amount of electricity being used in the year 2000, what will be the public reaction to the 'wirescape' that will be required if all power is transported in overhead cables?" Mr. Bacon asked.

Hydrogen stored in pipelines would make it easy to meet peak loads for power by raising the pressure.

As for pollution, the only extra product when hydrogen was combined with oxygen to produce heat or electricity was steam or water, which was far less objectionable than the result of burning oil or coal.

Expo International closes

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

EXPO International, the West End jet charter travel consultants, has gone into liquidation.

A typewritten notice to this effect was pinned to the door of the company's office in Haymarket, London, yesterday. The notice said that "all creditors including passengers will be contacted in due course."

It also said: "Expo International act as agents only and cannot accept responsibility for any error or default on the part of the charterer or operator."

At the time the liquidation became known, it also emerged that the Department of Trade and Industry was looking into complaints by customers about the company.

The office was at one stage locked, but later a man and a girl came out, carrying books. The man commented: "We are just clearing up. We were on the staff, but no longer, of course. We cannot say anything more."

The boss, Mr. Malcolm Aw, is not here. Mr. Aw is managing director of Expo International.

Yesterday's moves followed reports that several Americans had been stranded in London because charter flights to the U.S. had been overlooked. For the same reason, some British passengers had been unable to fly on low-price charters to New York.

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Auto Components: Our Walker Manufacturing Company is helping reduce noise pollution. In addition to anti-smog devices, we sound-engineer exhaust systems so cars purr rather than roar.

Oceanography: Our Deepsea Ventures, Inc., is far advanced in a program to mine the ocean. Already discovered: beds of mineral-rich nodules containing significant deposits of manganese, cobalt, nickel, and copper. Already tested and developed: a pollution-free system for lifting the nodules thousands of feet to waiting ore carriers.

Packaging: Our Packaging Corporation of America converts over 1,000 million pounds of waste paper a year into spotless, high-quality containers and cartons for products of all kinds. Saved: the equivalent of 1.8 million trees a year. Solved: what to do with a mountain of waste.

Shipbuilding: Our Newport News Shipbuilding has developed standardized ship designs for the U.S. Maritime Administration so that merchant ships can be built through assembly line techniques. Faster. And for less.

Chemicals: Our Tenneco Chemicals group has found a way to reduce mercury pollution. As part of our product formulation service for the paint industry, we have introduced a non-toxic fungicide that makes the use of mercury compounds unnecessary.

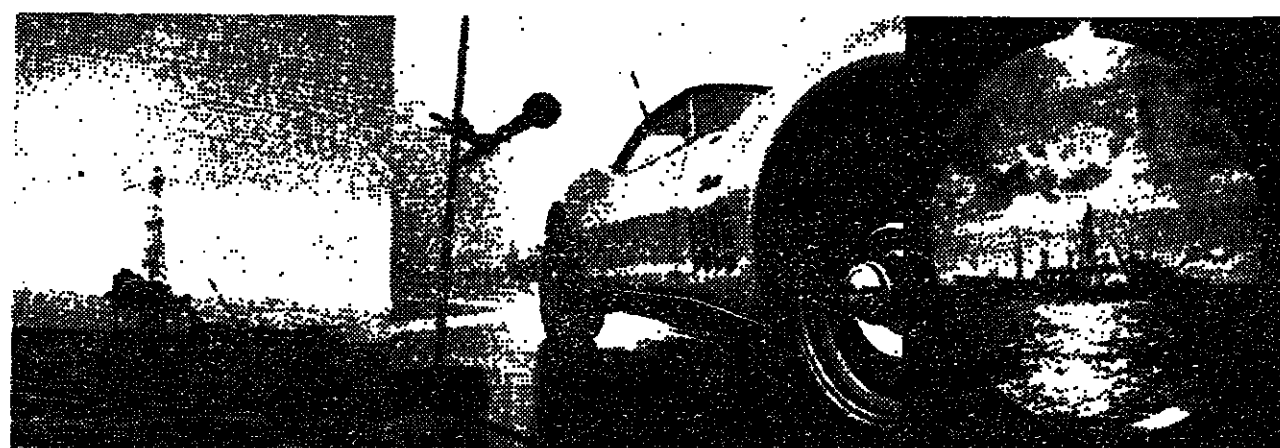
Construction/Farm Equipment: Our J. I. Case Company has done more research into cabs for tractors than anyone else. Our cabs are designed with bucket seats, roll bars, air conditioning, even stereo. Result: tractor work is safer, more comfortable, more productive.

Pipelining: Our Tennessee Gas Transmission system has programmed our 15,290-mile pipeline network on computer. We can simulate any set of conditions—even the most severe winter storms. As a result, we know beforehand what steps to take to keep our natural gas flowing.

Agriculture/Land Development: Our Tenneco Properties, Inc., has developed a water retention technology for the conservation of water. We store water from winter snows and use it to replenish natural reservoirs beneath the ground. Purpose: assurance of water for future years, future crops.

There, in capsule form, you have examples of practical Tenneco research and development. It's another Tenneco way of building businesses.

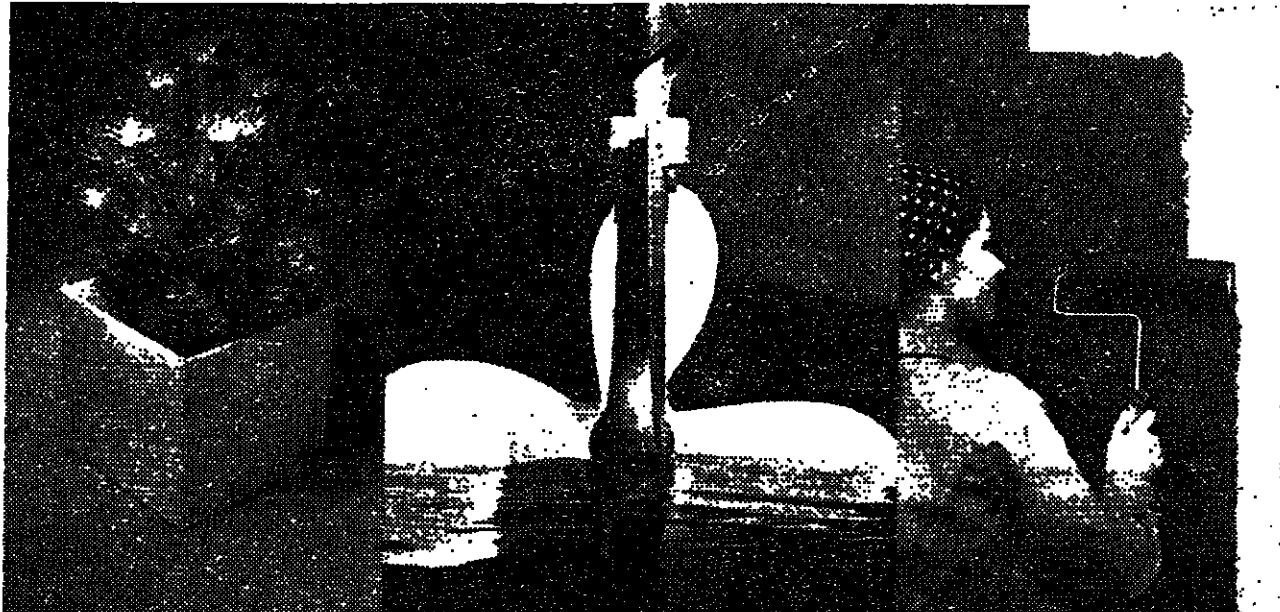
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TENNECO

TENNECO

Britain's roads 'now most crowded in the world'

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

BRITAIN'S roads are now the most crowded in the world, the British Road Federation claimed yesterday, even though the U.K. has fallen to eighth place in terms of car ownership internationally.

According to statistics published by the Federation to-day, there are 62.6 cars, goods and public service vehicles for every mile of road, compared with 55.5 in Germany, 56.1 in Italy and 57.8 in the Netherlands.

Roads in the U.S. (28.6 vehicles every mile), France (28) and Spain (24.7) are less than half as congested as British roads, the Federation maintains.

The Federation's report suggests that safety records are improving.



ORIEL FOODS

Difficulties Surmounted

Points from Mr. D. N. Hazarika's Statement.

- * Rising costs, unsettled labour conditions and fixed price contracts led to sharply diminished trading profit on an increased turnover.
- * After higher interest charges there was a pre-tax loss, but strenuous efforts by Directors, Staff and Works Employees to ward off the ever-increasing spiral of cost inflation limited it to £58,400.
- * The food distribution side had a profitable year and should make an increased contribution in 1971, especially after the widening of the outlets available to the Group resulting from the acquisition of North Stafford Products Co. Ltd. and Standard Vinegar Co. Ltd.
- * Dividends for the year ended 27th March 1971 were limited to the interim payment of 24p (previous year's total—11p) but current trading conditions are more favourable and, with all subsidiaries forecasting profits in the current year, an interim dividend will be considered in due course. Further developments are contemplated which will help Group expansion.

MSL

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The Executive's World

EDITED BY
DAVID PALMER

Your Business Problems

RETAILING SURVEY

Put profit on the shelf

BY KELSEY van MUSSCHENBROEK

TOO MANY food and grocery retailers are too little super-market shelves, space is a perennial problem facing both manufacturers and retailers. While the latter face a constant barrage of new products and line extensions to existing product ranges, manufacturers are casting round for ways in which to create a special interest in their products. Telling the retailer about marketing plans, the size of the advertising budget, special promotions and joint deals—all this is increasingly standard stuff for the manufacturer.

More recently, however, manu-

facturers have started to provide retailers with special reports on the markets they operate in, backed up with data which aims to show the profit opportunities retailers are missing by not stocking more of this or that. With the trend towards one-stop shopping the supermarkets have been a prime target for these studies.

National Chain Profitability Profile

	Space*	Sales	(% of total) Gross Profit	Net Profit
Biscuits	4.5	3.7	4.7	8.3
Butter	0.8	5.3	3.3	5.5
Canned Veg.	2.2	3.1	3.9	0.3
Frozen Food	2.8	3.3	4.8	12.7
Soap, Detergents	2.0	3.9	3.5	6.3

* linear footage.

Source: Birds Eye.

facturers have started to provide retailers with special reports on the markets they operate in, backed up with data which aims to show the profit opportunities retailers are missing by not stocking more of this or that. With the trend towards one-stop shopping the supermarkets have been a prime target for these studies.

The theme running through such studies is constant and simple: the market for the products is growing; their profitability is higher than that for "other" grocery products; the supermarkets are not stocking enough of them, or if they are, the products are not being displayed to best advantage; therefore, the supermarkets are not maximising profits.

The trouble with such studies is that as they proliferate, they probably become self-defeating. They cannot all be right, and the supermarket operator may be forgiven if he views his growing library with mounting scepticism.

Against this background, it will be worth asking the question given to Birds Eye's report, "The Case for Profit."

The answer is simple. The supermarket operator dominates the 143m. retail frozen food market with a share approaching 70 per cent. It is no secret that the frozen food industry has just experienced its worst 18 months

of sales and canned vegetables since the war. The timing of the report thus speaks for itself. Its conclusions are predictable: supermarkets should stock more frozen food and display it better. Moreover, if frozen food seems an expensive commodity to handle—because of the refrigeration needed—it could well be because supermarket operators are using the wrong kind of yardstick to measure the true profitability of individual product groups.

Nevertheless, the Birds Eye study deserves to be taken seriously, if only because its analysis of supermarket profits

is one of the most thorough to be published in this country, and genuinely does seem to shed new light on the problem of profit measurement in a store. The study has taken more than two years to produce and has involved close co-operation with both a national supermarket chain and a regional one—the name of neither is disclosed.

Originally the intention was to use the information internally, but as Birds Eye's chairman, James Parratt, points out in a foreword, "In the event, more information has come to light than we ever expected. Some has been frankly surprising and in such cases we have worked and re-worked the figures to check their accuracy."

Cross checking was also undertaken by the two chains involved. The report does not claim universal validity for its profit findings (A successful shop is primarily successful because it has an intangible quality of customer attraction), but does suggest that in view of the retailers should take a closer look at the way they measured profitability in the past.

Essentially, Birds Eye's findings are that there has been over-emphasis on the concept of gross profit, an ill-defined method of cost allocation between pro-

duct groups, and a widespread tendency to look at profit in static rather than dynamic terms. In arriving at these findings the two chains were asked to provide Birds Eye with a sample which represented their development policies for the seventies.

An average supermarket for each chain was then constructed: the national chain operating on a gross margin of 17.4 per cent, the regional on 15.9 per cent. Net margins were 5 per cent and 4.7 per cent respectively. Costs excluded head office expenses.

For measuring space usage it was decided to take linear footage: the display area was then calculated from the length of each shelf occupied by a commodity group, the number of shelves occupied and the number of shelves in the fixtures. In all 84 product groups were analysed, but the results for only five (biscuits, butter, canned vegetables, frozen food and soap and detergents) have been published. These are reckoned to be important users of space and major contributors to sales.

Both chains had the same average of 22.30 gross profit per linear foot a week. Yet this average hid a performance range which went from £10.20 per linear foot down to 50p a week. The way in which sales of commodity groups responded to increases in space allocation was analysed on a computer to give "optimum" space usage. It was found, for example, that butter uses space very intensively, but that once enough space is allocated to "maintain a sensible choice" of butters there is little extra sales return from additional space. At the other extreme, there was a high space correlation for biscuits.

Having allocated space, the next step was to allocate costs. It is admitted that this was not easy, but a number of broad criteria were adopted as follows:

1—Rent, rates, lighting, heating were allocated proportionately to space occupied.

2—Power, labour (where specific to a commodity group), packaging, depreciation and repairs, warehousing, delivery, advertising were allocated to specific usage.

3—Labour (primarily cashiers, fixture fillers, price markers), inspectors' salary, post and telephone charges were allocated in proportion to the number of items passing through the store.

4—Stock losses were allocated in proportion to sales value.

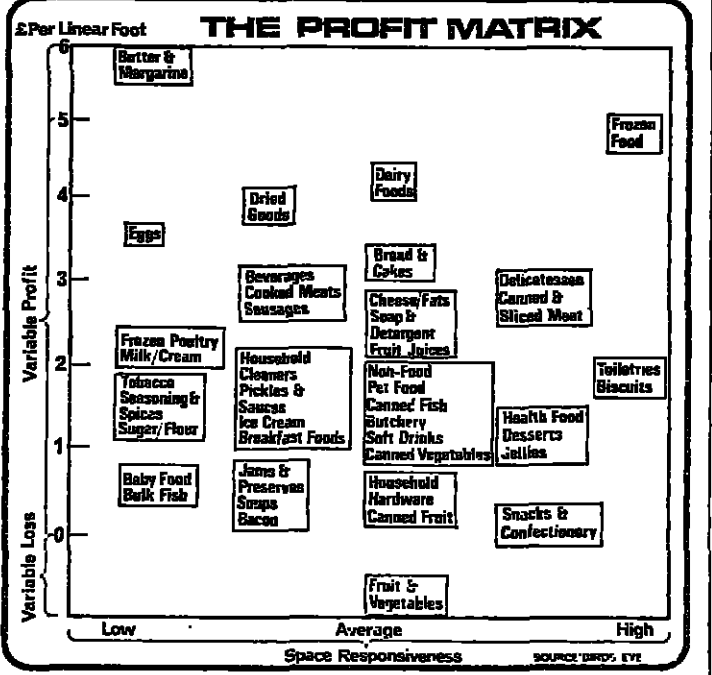
cost profile, with labour accounting for 47 per cent of total costs. Rent and rates represented 22 per cent of total costs; warehousing and delivery, 13 per cent; depreciation and repairs, 5 per cent; lighting and heating, 5 per cent; packaging material, 2 per cent; stock losses, 6 per cent; and other costs 2 per cent of the total.

Allocating costs using these criteria for the various commodity groups revealed a wide range of individual operating expenses going from as little as 5.5 per cent of sales to nearly 40 per cent. The exercise also rubbed home the illusion of profitability that is often attached to the notion of gross profit. For example, in the national chain's case, whereas butter had a gross profit of 3.3 per cent,

the study did not attempt to establish an allocation for working capital by commodity group, but it did identify the capital cost of fixtures. In order of this capital cost (as a proportion of sales) the five most expensive commodity groups were delicatessen, fish, dairy foods (excluding butter and margarine), butchery, frozen food.

Both the regional and the national chain had a similar

of sales and canned vegetables 3.9 per cent, after costs had been properly allocated, butter emerged with a net profit of 5.5 per cent, and canned vegetables with a wafer thin 0.3 per cent. Even net profit is not the perfect yardstick for Birds Eye, however: "A commodity group apparently being sold at a net loss will have carried an element of fixed cost that would otherwise have had to be distributed to other commodities. Also, net profit or loss does not indicate



Products in the top right of the matrix could profitably be given more space; those in the bottom left, less.

the potential to be expected from changes in volume." There was a need, therefore, for a dynamic profit measurement which varied with volume. Here Birds Eye separated out fixed and variable costs, and offset the latter against gross margins to arrive at a "variable net margin." This was then expressed as a function of sales area to give variable profit per linear foot.

All that remained to be done was to link variable profit per linear foot to the findings on sales and space responsiveness to arrive at a profit matrix. On this basis the products which contributed most to true profitability will tend to be found in the top right-hand corner of the matrix. Needless to say, frozen foods have this corner to themselves.

commercial company the sum of £623,110 will have been received. There may be a charge to tax on a chargeable gain. To take an extreme example we ignore this. The lease payments would normally be deductible from taxable profits. The company would receive £623,110 tax free and would pay £60,000 per annum for 10 years, a total of £600,000. This is borrowing at a negative interest cost!

If the company had borrowed £623,110 repayable over 10 years it would still have to pay £100,000 per annum, but £62,311 of this would be treated as a repayment of the capital borrowed and only £37,689 would be deductible as the interest element. The net cost, after corporation tax, would be £22,613 plus £62,311, a total of £84,924 per annum or £849,240 over the period. The tax saving from the leaseback as compared with a straight borrowing is £249,240, or 40 per cent of £623,110.

Any tax on the gain on the disposal of the lease reduces this saving, and it would disappear altogether if the gain were fully taxed—that is, post 1965.

Mr. Patrick Jenkins, Financial Secretary has proposed two solutions. Under the first the lump sum would be exempted from any tax but the payments would be apportioned between the capital repayment element and the interest element to give exactly the same result as a straight borrowing. Alternatively the rental payments would be fully allowed but the lump sum would be taxable with a forward spread of the tax liability over the life of the lease. Both appear to give the right answer. Those affected may prefer one or the other should give their views before 15th October.

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Compensation entitlement

BY OUR LEGAL STAFF

My business is to be compulsorily purchased, though confirmation is to be given at a later date. I have someone who will buy it and take a 21-year lease on the premises, provided he can get compensation in full. What, please, is the position in this respect?

You would not necessarily be entitled to compensation for the business; you would only be entitled to compensation for the disturbance. This might entail compensation for complete loss of goodwill if you could not obtain any other premises in which to open the business which would receive at any rate some part of its goodwill—but it is very different from an automatic right to compensation for the complete loss of the business.

Save that any purchaser of the business from you would be in no better position as regards compensation than you are yourself, certainly a purchaser from you would get compensation for the acquisition of the lease and any disturbance to the business.

Loan to close company

If as a director and majority shareholder of a close company, I lend money to it, charging interest at the going rate, will there be any difficulty in having such interest accepted as a charge against the company's profits? Similarly, if the company has interest payable on a bank overdraft, which I have guaranteed, is this chargeable? Would it be best to calculate interest on a day-to-day basis?

The deductible interest on money lent by a director or his associate to a close company is limited to 8 per cent of the loan or the issued capital, whichever is the lower (Section 255 Income and Corporation Tax Act 1970). If the interest is paid to a bank on a commercial loan the restriction does not apply.

You may charge annual interest on a day-to-day basis payable annually. Because the payer is a company it must be taken into account for this to the Collector of Taxes within the 14 days of the next 5th of the month.

Interest paid to the bank will be payable gross as in theory the advance is made for up to one year, and is, therefore, not annual interest.

To decide if the interest charged by a director is the best route, consideration of the detailed overall position of the parties is necessary as the interest received will be income

of the recipient for surtax purposes. Assuming the interest is allowable the company will obtain relief at only 40 per cent, plus any income-tax and surtax saved on a shortfall.

In the circumstances the professional advice of your accountant should be obtained.

On the other hand you can always increase the rent to a proper market rent by referring this question to arbitration under the Agricultural Holdings Act, 1948. You cannot, however, increase the rent more frequently than once every three years.

What procedure is necessary to get a company, which is still trading but which has been struck off because it has not submitted annual returns, restored to the register? Can you also give me an idea of the likely cost?

By the Companies Act 1948 s. 353 sub. (6) the company or any member or creditor thereof may apply to the Court by petition to restore the company's name to the register and upon an official copy of the order being delivered to the Registrar of Companies for registration the company will be deemed to have continued in existence as if its name had never been struck off.

The petition is served on (1) the Registrar of Companies (2) where it is not a petitioner, the company, and notice is given to the Treasury Solicitor. The petitioner files in chambers an affidavit verifying petition and the affidavit must contain a full and satisfactory explanation as

to the circumstances under which the company's name was struck off the register. The Court hearing follows. The costs may be £100.

Referring to the Item Liquidating a company (July 28), I control a close company which, while owning properties, will, I understand, be treated as an investment company if we wind it up and subject to corporation tax on any capital gain. I should not be liable to capital gains tax as I am resident abroad. Would it nevertheless not be best for us to seek a buyer for the company's shares?

The easiest way would be for you to find a buyer for your company's shares; such a buyer would ask a reduction from the asset value to take account of the cost of realisation and some of the cost of the prospective capital gains tax.

You should consult your accountant on how best to deal with your problems.

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Executive demand slumps again

FINANCIAL TIMES REPORTER

THE U.K. executive job market has slumped to an eight-year low, according to PA Management Consultants' Euro-Job Index. The index, in its second quarterly analysis of European trends in executive appointments, says that demand for executives in Britain dropped by 23 per cent in the April-June period.

Some European countries fared even worse. Holland suffered a drop in demand of 46 per cent and Switzerland a decrease of 36 per cent. In Germany and Italy the situation was not much better with a 17 per cent decline in both countries. In France, however, there was a 1 per cent rise

in demand during the three months to June, and in Belgium there was a 6 per cent increase. Brightest outlook of all was in Spain where demand for executives increased by 25 per cent.

Overall, throughout Europe and the U.K., the second quarter of this year showed a decline of 20 per cent in demand for executives, says the Index. This compares with an increase in demand of 3 per cent during the first quarter.

Several types of executive appointment carrying a minimum salary equal to £2,000 a year were monitored by PA in the U.K. and on the Continent. These cover computer men, finance and

administration, general management, personnel, production, sales and marketing and technical appointments.

Analysis of those appointments showed that the executives least in demand, with a drop of 33 per cent, came from Europe and the U.K., were managers in the technical and professional categories, defined as OR men, economists, architects, engineers, lawyers, quality control and work study, engineers, and public relations men.

Computer men fared little better in this period with a 34 per cent drop in demand for their services throughout Europe and the U.K.

SALE AND LEASEBACK

Beyond the Austin Reed case

BY JOHN CHOWN, TAXATION CORRESPONDENT

OVER THE LAST few months a number of confusing and conflicting statements have been made about sale and leaseback deals. It has been said on one hand that the Revenue have mounted a vicious attack on the whole principle of what is a straightforward commercial technique by which an expanding business can raise money on its assets.

Others have suggested that the situation has not really changed at all apart from possibly closing a minor tax avoidance loophole. Legislation is to be introduced in the next Finance Bill to resolve the situation. It is still not quite clear what form this legislation will take and interested parties have been asked to make their representations by October 15 this year.

The story begins with the hearing before the Special Commissioners on April 28, 1971, where there was a finding in favour of the Revenue and against Austin Reed on a transaction involving a sale and leaseback. Briefly, Austin Reed had occupied leasehold property for a good many years at a rental which was far below current market rental. The balance of the lease could have been sold to a third party for a substantial sum of money. The profits on such a transaction would constitute a chargeable gain but tax would only have been levied on that part of the gain accruing since April, 1965, as adjusted by the wasting asset rules.

Capital sum

What Austin Reed in fact did was to sell the leasehold property to a pension fund) subject to a leaseback at a rent fully reflecting current market conditions. From their point of view they had received a capital sum which they could employ profitably in some other aspect of their business and had, in return, to pay a higher rent.

This, they argued should have been allowed as a deduction from taxable income in the normal way. This would have been accepted without question had they leased a new property on similar terms from a third party.

The Special Commissioners found otherwise and held that (a) the sale and leaseback of the property were interdependent and essentially one transaction and (b) additional rent payable under the leaseback was paid in order to obtain a capital sum and not merely to secure the rights to occupy business premises.

On June 16, 1971, Austin Reed issued a press release suggesting that this constituted an attack by the Revenue on the whole principle of leasebacks.

The Revenue immediately replied with their own Press release also dated June 16. This stated there was no question of changing the Revenue's attitude

to normal and well known kinds of leaseback arrangements under which, for example, a freehold building or a substantial leasehold interest is disposed of but the original owners continue to occupy it under a lease for a long period. They object to transactions where a short lease was disposed of in order to obtain a capital sum which could be redeemed out of pre-tax income.

To confuse the situation even further, the Revenue issued an announcement on 24th August stating that legislation was to be introduced to close a particular loophole, typically involving the creation of leases, and this may have been thought to relate to the same type of transaction.

This is not so. This latest announcement relates to a form of tax avoidance by which assets can be disposed of for a capital sum which although received immediately is (arguably) not technically receivable for a long time, possibly 250 years into the future. This had the effect of postponing tax on the gain indefinitely. Variations of the scheme purported to enable industrial and commercial companies which purchased properties to buy long-term assets out of income, relatively cheaply, over a period of years. It has never been suggested that Austin Reed is in any way involved in these schemes.

To get back to the original dispute, what was the fuss about? The ordinary sale and leaseback remains unaffected provided that the unexpired term of the lease disposed of exceeds 50 years or the period to which the property is leased back exceeds 25 years. Only the latter figure is important in practice.

The property will continue as before to be able either to raise money on mortgage or to dispose of the property itself subject to leaseback.

The following example should make the position clearer. A company has premises held on lease which has only 10 years to run. (This may be at the tail end of a 99-year lease granted 89 years ago.) The annual rental payment is probably very small. The present market rent would be £100,000 per annum. If the company found it no longer needed the premises it could either sublet to give a profit of this figure or sell the property outright for a capital sum. This sum can be calculated very simply given an assumed rate of interest and the tax position of the property. A pension fund which is not subject to tax and which wants 10 per cent on its money would be prepared to pay £223,110 for the property subject to a leaseback at £100,000 per annum. It would treat this sum as paying back the capital sum over a 10-year period with the required rate of interest.

From the point of view of the

commercial company the sum of £623,110 will have been received. There may be a charge to tax on a chargeable gain. To take an extreme example we ignore this. The lease payments would normally be deductible from taxable profits. The company would receive £623,110 tax free and would pay £60,000 per annum for 10 years, a total of £600,

Nordic Forest Industry

Financial Times Survey

Sound long-term prospects

by HAROLD BOLTER, Industrial Correspondent

World demand for forest products is rapidly outstripping currently available sources of supply. This one fact alone is enough to put the longer-term prospects for the Nordic forestry industry into perspective, despite to-day's concerns over the implication for neutrals of not joining the Common Market, the occasionally heated debate over accusations of unfair trading practices made by the U.K. paper industry, and rising paper costs.

By 1985, it has been estimated, the world's industrial timber requirements will have risen to twice the level experienced five or six years ago. Long before then, perhaps in a few years' time, there could be serious supply deficits in Western Europe unless imports from the Soviet Union and on-European countries are stepped up.



Logs on Lake Timnsjo, Norway.

Secure market

In this situation, the market for the green-gold of the Nordic forests looks at least as secure as predictable as trade centred around that other gold standard. Nevertheless, the three main timber-producing countries—Sweden, Finland and Norway, all face serious problems over the next few years, in the areas of production and marketing. Fortunately, their past record suggests that these difficulties will be overcome.

Despite the efforts which the Nordic countries have made towards diversification they are still heavily dependent on forestry products, and are likely to remain so in the foreseeable future.

In Sweden, for example, forest products of all kinds account for at least 25 per cent of the country's total export value, and market pulp, paper and board represent some 17 per cent of their own. Sweden EEC members could be ex-

is one of the world's largest exporters, providing about a quarter of the world's pulp exports, a seventh of its coniferous sawn wood sales and an eighth of its paper exports.

As over 80 per cent. of all Sweden's exports in the forest sector go to the Common Market and to fellow members of the European Free Trade Association, the current negotiations for an enlargement of the Community are clearly of vital concern.

Nevertheless, although Sweden has been criticised in some quarters for seeking to gain all the advantages of the Common Market while refusing, as a neutral, to become a full member of the Community, there is a fair amount of confidence in Sweden itself that a reasonable arrangement can be made.

On the face of it an "all-or-nothing" demand from the EEC members could be ex-

remely damaging. Although there is no duty on imports of pulp into the Common Market countries and there are duty-free quotas for newsprint, for all other paper quantities the import duty is about 13-14 per cent.

On a straight price basis, Swedish exports of finished papers to the enlarged EEC could suffer severely if the duty was retained for Sweden and not some major competitors. But this equation takes no account of demand. Simply because the market for forestry products is so strong in Western Europe, despite a recent lag caused by the recession in importing countries, it seems inconceivable that a mutually agreeable compromise will not be reached. Political considerations will also have some influence on the final agreement.

Finland, even more reliant on its forestry products as a cur-

rency earner, also believes that the countries of Western Europe are unlikely to choose to shut themselves off from a major source of supply of fibre products which it will need as consumption rises by as much as 50 per cent. towards the end of this decade.

Wood and paper industry products accounted for about 55 per cent. of Finland's total exports last year, and the value of these overseas sales grew by nearly 12 per cent. Pulp and paper alone accounted for 40 per cent. of total Finnish export value.

Like the other Nordic producers, Finland has been busy in recent years up-grading its use of its natural raw material, adding value wherever possible to the forestry products which it exports.

Last year, for example, particle board exports increased quantitatively by 21 per cent., sawngoods by 5 per cent., writ-

ing and printing paper by 11 per cent, folding boxboard by 8 per cent, and newsprint by 3 per cent. (even though the total demand for newsprint in several important markets, including the U.K., declined).

The amount of chemical pulp sold abroad fell, on the other hand, sulphate pulp by no less than 10 per cent. It is expected that the volume of chemical pulp exports will contract still further as Finnish producers continue to carry out more processing of export products themselves.

Paper exports

Given the right conditions at home and abroad, the Finnish forestry industry believes that it should be possible to increase pulp production from the present 6m. tons to 9m. tons by 1980, to raise paper and board production from 4.5m. to 8m. tons, and to step up panel production by 60 per cent.

Naturally enough, the Finns are not at all impressed by speculation that the expanded EEC might be unwilling to make a favourable commercial and tariff arrangement for paper exports from Finland. The suggestion that paper could be included only if Finland—and Sweden, for that matter—agreed to provide some kind of assurance that it would continue to provide an agreed amount of pulp to the Continental paper-makers is also opposed.

Norway, poised for entry into the EEC alongside Britain, is more favourably placed. Like the other major Nordic producers, the Norwegian pulp and paper industry is strongly export-oriented, and accounts for around 14 per cent. of total foreign currency earnings, excluding overseas sales of ships.

Last year Norway's exports of pulp and paper products



(timber sales have declined considerably in importance with the development of more highly-refined products) were worth well over £117m. Pulp and paper sales to the EEC countries represented 42 per cent. of its total market and the U.K. 18 per cent.

Apart from their concern over the implications of the Common

Market, the main Nordic producers of forestry products also share a common interest in the problem of improving the efficiency of their industries, at the forest as well as pulp and paper mill level.

The main difficulty is that ownership of the forests is dispersed among a considerable number of owners, many of

whom regard their pocket of green gold as a family nest egg to be sat on and passed on rather than used.

In Sweden, for example, ownership of some of the best forest land is vested in as many as 230,000 small owners, more than half of them with forests of less than 62 acres which do

Continued on next page

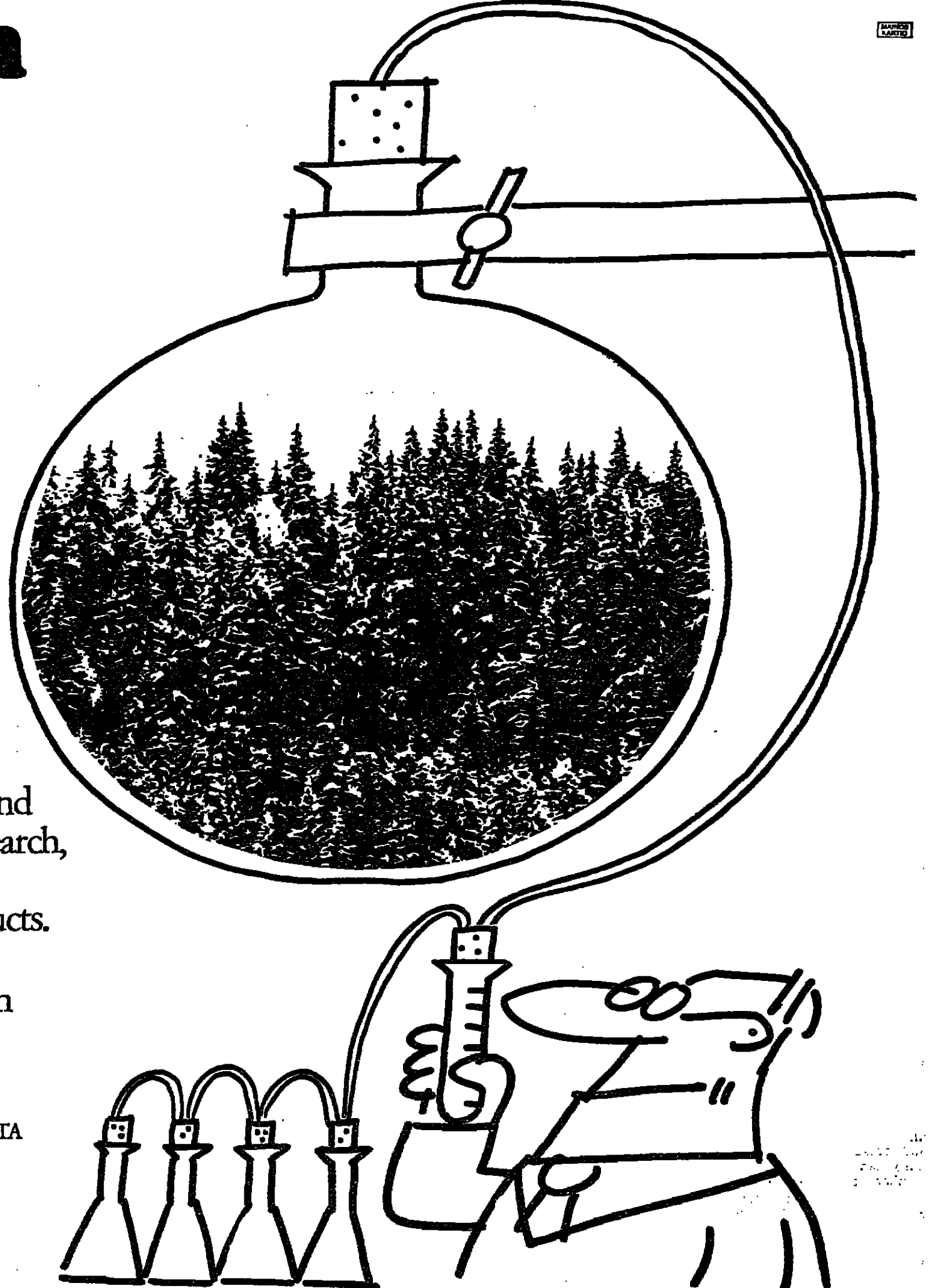
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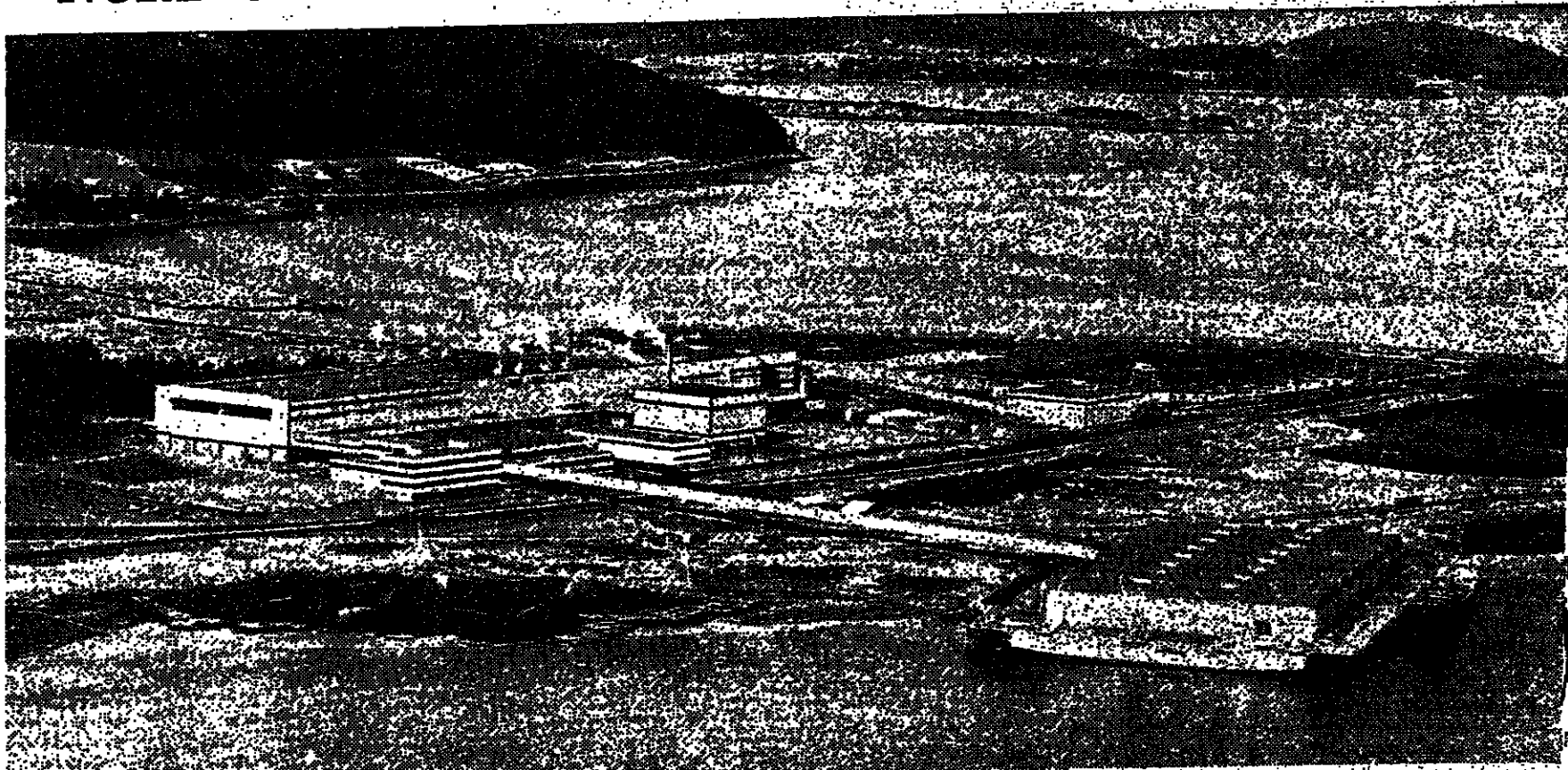
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NORDIC FOREST INDUSTRY II



The Nordenfjeldske newsprint mill near Trondheim, Norway, which is owned and operated by Nordenfjeldske Treforedling

Company amalgamations produce higher efficiency

By JOHN WALKER, Stockholm Correspondent

Whatever the final outcome of the Swedish negotiations with the Common Market, the pulp and paper industry has already established a firm foothold in the Six. Over the last four or five years such firms as Stora Kopparberg, SCA and Holmen have reached various types of agreements with paper companies in the Common Market.

Swedish board and paper production showed an increase last year of 6.6 per cent to 4.3m. tons, of which 2.8m. tons were exported. At the same time chemical pulp production rose by 6.2 per cent to a total of 3.9m. tons, of which exports accounted for a total of 3.4m. tons.

Particularly large shipments of chemical pulp were made to West Germany and France, which resulted in the total exports to the EEC rising by 10 per cent to 1.7m. tons. At the same time a 10 per cent increase (to 1.3m. tons) in exports of paper and board was noted to the EEC countries, which constituted over 45 per cent of total Swedish exports in this sector.

Increased capacity

In the Swedish forest industry there have been a number of closures, fusions and other forms of amalgamation during the last 10 to 15 years. Large forest companies have purchased smaller ones, not only because to-day it is no longer profitable to run a small plant but also to gain access to larger forest areas, making it possible

to rationalise large-scale operations. Old, smaller mills have been closed down, but overall production capacity has increased considerably, due mainly to the establishment of larger plants with very high throughputs.

In the 1960 to 1969 period in Sweden there were 299 fusions, mergers or co-operation agreements, while a similar but smaller trend was noted in Norway. Changes in the Finnish forest industry were negligible, but the industry was already integrated production-wise, not only using the wood as raw material but the waste and residues from one mill as raw material for another in the same company. Although production and production capacity in the Finnish forest industry has doubled in the 1960s, most of the expansion has been in existing production units. The table provides an overall picture of the expansion within the industry.

A large number of the forest industry companies own their own timber, and some of them also own power stations or have a share in electrical sources with other pulp and paper companies. This has in turn led to rationalisation through mergers. It appears that further rationalisation of the industry may be necessary, and although there have been constant reviews of the situation, both by the industry itself and by other interested parties, there have been no concrete results. This will probably necessitate further

examination to see what solutions can be implemented.

According to the Central Bureau of Statistics, in 1960 there were 43 mechanical pulp mills, 16 sulphite and six sulphate plants, together with 43 paper, pulp and carton manufacturers. Total production amounted to 780,000 tons of pulp, 736,000 tons of cellulose and 782,000 tons of paper. By 1969

between five producers—Borregaard, Klevfoss Cellulose, OG Papirfabrik, Lovenskiöld, Vaekero, M. Peterson and Son, and Ranheim Papirfabrik—for the delivery of Kraftpaper for about the future of the five companies delivered separately to some 100 wholesalers situated all over the country.

Although Norwegian overseas operations in the industry are

gaards plant in East Norway, bleaching and further processing, and test production is to start early next year.

People who feel doubtful about the future of the forest industry are recommended to study the FAO's forecasts of world's forest products requirements, suggests the Swedish Pulp and Paper Association.

Estimates of the requirement until 1985 of sawn wood, pulp and panel products indicate a doubling of the industrial timber requirements in the world, in comparison with position in the mid-1960s.

Similarly the industrial timber forecasts for Europe, including Scandinavia but excluding Soviet Union, prepared by and ECE in 1968 show a doubling of 54m. cubic metres volume by 1975, rising to 100m. cubic metres by 1980. It will only be able to make up the shortage, the Association reports, means of imports of finished products and roundwood from non-European countries and Soviet Union.

Soaring costs

Pressures of this sort as soaring labour costs, penal taxation—both corporate and private—will tend to force management to think more of setting up abroad where raw material and other vital costs are lower. What may also be a trend in the future is closer co-operation between Scandinavian makers, leading ultimately to mergers across the borders means to greater efficiency in large production runs.

“Why should I look for another service?”

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Prospects

—(Cont'd.)

Continued from previous page not lend themselves to efficient mechanisation.

Some of this difficulty has been overcome through the formation of smallholder associations, which have as their main objective the elimination, through co-operation, of the

weakness of small units when it comes to mechanisation. But there is still a lot more to be done. Pressure for further automation has increased with recent heavy wage increases for forest workers.

The thorny question of ownership has also had an effect on the supply of raw timber needed for expansion on the scale now envisaged in Finland.

For some years the State has been implementing a comprehensive series of forest improvement plans, but the third—and most ambitious—programme is running behind schedule, mainly because of financing problems.

Politics has entered the issue. Over 62 per cent of the forest area of Finland is privately owned and the Government has been under some pressure to think again about spending public money on improving private property for the benefit of the owner.

Nevertheless, there seems to be fairly general agreement that the forest is still the most valuable natural resource of Finland and that something will have to be done to ensure steady growth rates and to maintain international competitiveness.

The temporary halt called to the building of new pulp-making capacity and the increasing emphasis which is being placed on the construction of capacity to produce finished paper and board are indications that Finland is conscious of the need to make more efficient use of its forestry heritage.

This awareness is to be seen throughout the Nordic countries, reflected in the gradual formation of larger and more efficient farming and conversion units. It augurs well for the future of the Nordic forestry industry.

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- helps the papermills to economise on raw materials

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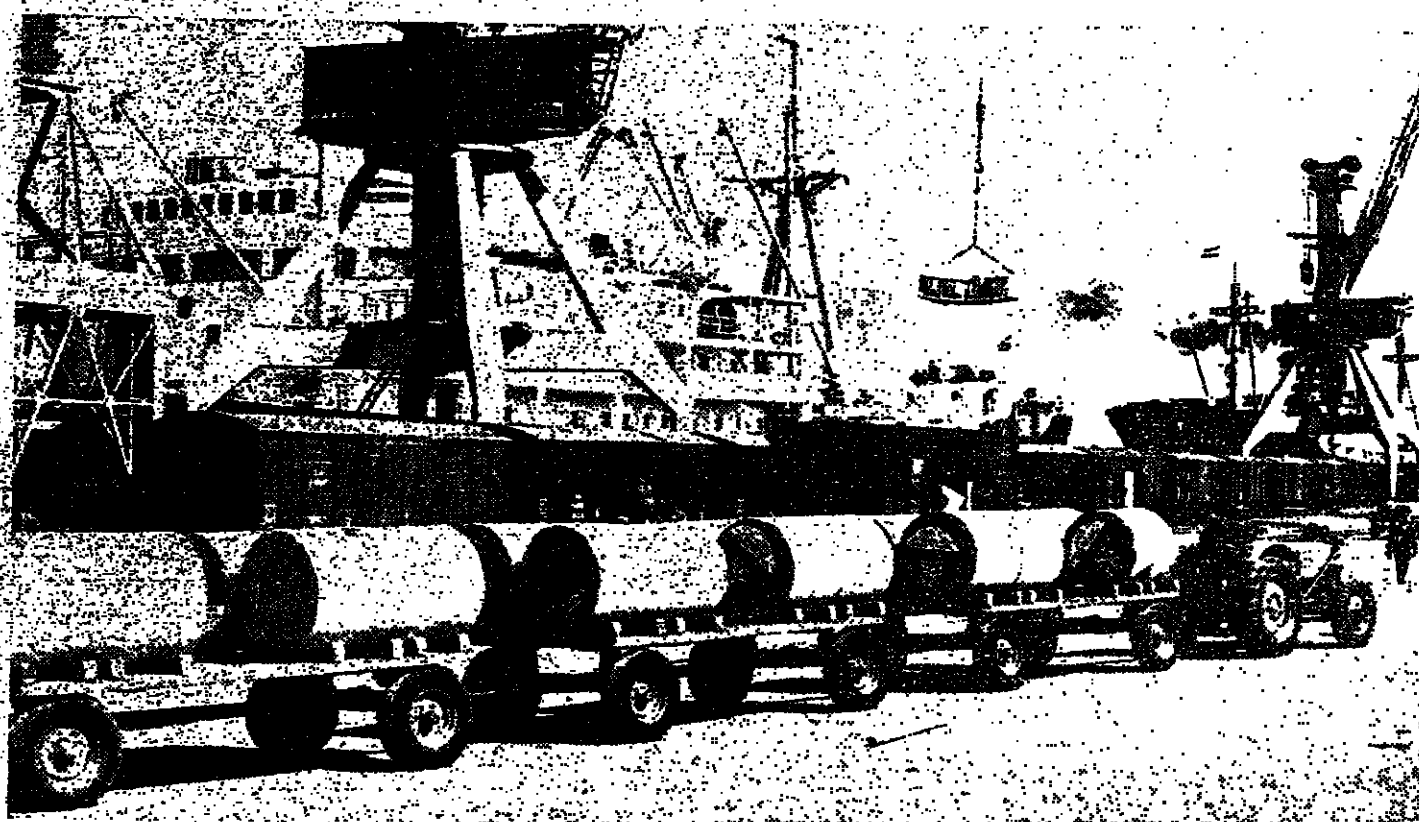
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and bleached birch sulphate

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NORDIC FOREST INDUSTRY III



Rolls of paper awaiting export from Kotka harbour in south-east Finland.

Prices argument may soon be settled

By KEN GOFTON

Almost every analysis of the very high percentage of its U.K. paper industry's troubles paper and board output. It claims a well diversified spread of products. Nevertheless, newsprint and other printings and paper mill may make all the difference to profitability. In the case of the more expensive grades, this advantage may be outweighed by the marketing benefits of being close to the customer.

It is true that the Scandinavians, to some extent, are particularly vulnerable to charges of squeezing the industries of other specialised countries, since they supply both the raw material (pulp) and the finished paper. Their predilection for selling through co-operative trade associations hardly helps their case, either. There is some hope that the particularly vocal dispute between the U.K. paper mills and their counterparts in Scandinavia on this score may be coming to an end. But before analysing why, this should be so, it is as well to get one point straight. To talk of "the Scans" may be a convenient shorthand expression, but it overlooks the fact that the industries in Finland, Norway and Sweden are quite distinct, with their own characteristics. Since the differences dictate which markets they pursue they are just as important as the similarities.

Let us take Norway first. It differs from its neighbours in topography—the mountainous countryside, make the winning of timber difficult—and in the pattern of forestry. The average holdings are relatively small (another source of difficulty), and as much as 75 per cent. of the coniferous timber is spruce.

Mechanical pulp

Now spruce is said to offer some advantages over other types of wood in the production of mechanical pulp, a grinding process. (Newsprint consists of a blend of about 80 per cent. mechanical and 20 per cent. long-fibre chemical pulp.) This is reflected in the fact that although Norway makes only 1 per cent. of the world's paper and board, it produces roughly 4 per cent. of the world's mechanical pulp, and is the leading exporter—claiming to account for something like 40 per cent. of international trade in the commodity. The country has over 30 mechanical pulp mills, about a dozen being integrated with paper and board mills.

Production of Norwegian mechanical pulp has risen strongly, from 534,000 metric tons in 1950 to 1,263,000 metric tons last year. Direct exports have also risen, though not quite in proportion: from 312,000 metric tons in 1950 to 629,000 last year. The U.K. takes about two-thirds of the export shipments, but the Common Market countries—particularly France, West Germany and the Netherlands—are also important.

Next most important among the raw material products to Norway is sulphite pulp. Production last year from 13 mills totalled 655,000 metric tons, of which about 300,000 tons was exported. One-third went to the U.K., although British requirements have fallen by about a sixth over the last decade.

Although there was a big difference in the tonnages involved, exports of mechanical and sulphite pulp were similar in value in 1970 at £20m. and £21m. respectively. Both were dwarfed by overseas sales of paper and board, which have risen from 327,000 metric tons worth £19m. in 1950 to 1m. metric tons worth £73m. last year.

Interestingly enough, West Germany is the best market for Norwegian paper and board, taking about a quarter of total shipments. The U.K. takes about a fifth. Inevitably, with a population of only 4m., Norway exports a

its prime position there to its finished product, the economies that can come from operating an integrated pulp and paper mill may make all the difference to profitability. In the case of the more expensive grades, this advantage may be outweighed by the marketing benefits of being close to the customer.

As far as Swedish pulp is concerned, U.K. purchases of 202,000 metric tons of sulphite, and 544,000 metric tons of sulphate in 1970 compare with 375,000 metric tons and 1.2m. metric tons by the EEC countries as a whole. The U.K. also imported 139,000 metric tons of Swedish mechanical pulp, 8,000 metric tons more than the Common Market countries together: the distinction is that U.K. purchases of Swedish mechanical pulp have been steadily falling since 1967, whereas those of the Six have shown some increase over the same period.

As far as the pattern of production is concerned, Sweden's output of mechanical pulp has increased by about 50 per cent. over the past decade, from 1.1m. metric tons, to 1.5m. metric tons, but the tonnage for export has fallen from 413,000 to 361,000 metric tons.

Output of sulphite pulp, at about 1.5m. metric tons, is at much the same level as it was in 1960, although some of the middle years of the decade were better. Production and exports of bleached sulphite pulp have grown, but unbleached sulphite has been in decline.

With sulphate pulp, the bleached grade has shown the most dramatic growth but unbleached has also shown steady improvement. Last year's sulphate pulp figure of 4.5m. metric tons compares with only 1.95m. metric tons in 1960.

Swedish newsprint production, unlike that of Finland, has continued to expand quite rapidly in the past few years, from the 1966 level of 689,000 metric tons to 1m. metric tons in 1970. Exports over the same period have risen from 427,000 metric tons to 687,000 metric tons. Kraft paper and liner is even more important to Sweden than newsprint, with production rising from the 1966 level of 1.2m. metric tons (exports, 914,000 metric tons) to 1.5m. metric tons (exports, 1.2m. metric tons) last year.

U.K. market

In broad terms, that sets out the main characteristics and markets of the paper industries in Finland, Sweden and Norway. But how have the Scandinavian mills come to tangle so openly with the British industry?

The importance of the U.K. market to all three is apparent enough—and that applies both to the raw material, pulp, and to finished grades of paper. With the reduction of tariff barriers in EFTA, that importance was bound to grow.

As a broad rule, the cheaper grades of paper—like newsprint and kraft—are best made "close to the timber." That is, with the raw material accounting for perhaps half of the price of the

SCANDINAVIAN EXPORT MARKETS, 1970

	Mechanical pulp	Chemical pulp	Newsprint	Printings and writings	Total paper and board
FINLAND					
The Six	12.8	330	327	230	1,203
EFTA	26.7	639	291	210	1,033
East Europe	—	256	36	118	418
U.S.	—	46	276	23	321
Total	43.8	2,013	1,186	779	3,732
SWEDEN					
The Six	131	1,621	395	44	1,340
U.K.	139	746	81	65	571
Total Europe	303	2,923	556	233	2,532
Total	361	3,107	687	284	2,929
NORWAY					
The Six	177	158	268	76	419
EFTA	446	144	101	63	267
Total	629	313	476	224	1,018

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NORDIC FOREST INDUSTRY IV

Rise in consumption likely to continue

By GODFREY BROWN

The forest industries so vitally important to the Scandinavian economy are in the enviable position of enjoying the prospect of a long-term growth in consumption of their most important product—paper, paperboard, and pulp.

The three main timber-producing countries of the region—Sweden, Norway and Finland—also have “mechanical” wood industries, producing sawn timber for joinery, furniture, plywood, particle board (chipboard), etc. but paper is the sector of major importance and all the evidence of the past and projections for the future point the same way—to a massive rise in consumption over the coming years.

World paper consumption increased almost 2½ times during the period from 1950 to 1967, and according to a detailed and thorough background paper into the future outlook for consumption, production and trade prepared by the U.N. Food and Agriculture Organisation, published in May this year, consumption over the next 15 years will more than double from 22.7m. metric tons in 1969 to 45.5m. tons in 1985.

This optimistic outlook for the forest industries—and, as will be seen, for the world at large since it implies a growth in living standards—is subject to two critical provisos. They are that production and prices do not limit consumption growth.

First proviso

The importance of the first proviso is obvious, since in the long run world consumption and production must be equal, and production can be adversely affected by a number of possibilities.

In the first place, as the FAO study points out, it is quite possible that social concern with environmental quality will be reflected in higher production costs, both for wood procurement and pulp and paper manufacturing. And there are also signs that the overall price-profitability relationships in the industry could become inhibiting for investment.

Yet massive investment is necessary if production is to meet the projected level of consumption. According to the

study, doubling production over the next 15 years involves adding an annual average of 8m. tons of pulp capacity and 10m. tons of papermaking capacity. This means finding another \$5,000m. of capital for expansion each year, maintaining a fibre supply that in terms of wood will increase by 30m. cubic metres each year, and bringing into operation 20-30 big pulp and paper mills each year—a formidable task.

These two factors—higher costs and insufficient profits—could serve to limit expansion of production, and thus curtail consumption, while higher prices could have the same effect and also bring the danger of competition from synthetic-based papers already being developed in countries such as Japan.

It is also important to appreciate that the growth trend is over the long term and this does not rule out short-cycle fluctuations arising from supply-demand imbalances in the future as they have in the past and, indeed, as exists at the moment.

The growth in consumption of the main types of paper has not been uniform in the past, neither is it expected to be in the future. Newsprint, for example, has dropped from something over 20 per cent. of total consumption in 1950-52 to 17.3 per cent. by 1967, although its consumption is still on an upward trend. It is, in short, taking a smaller proportion of a much-expanded market.

Printing and writing papers have been increasing their share of the market, while the really big growth area is in the generic heading of “other paper and paperboard.”

Population growth is obviously one important factor in the anticipated rise in total consumption of paper and paperboard, but of far more importance is the level of consumers' incomes, which are estimated to account for about two-thirds of any change in per capita consumption of paper.

It is regarded as axiomatic in the industry that consumption of paper is a key indicator of economic prosperity and standards of living, and that the two go hand-in-hand.

This view is supported by the FAO study which puts the point succinctly: “Paper and paper products are basic commodities in industrialised, literate, urbanised economies which are at least moderately affluent and without unbalanced distribution of income and wealth. These, by definition, are not characteristics of developing countries.”

For this reason, the world's paper and paperboard industry and consumption is concentrated heavily in the developed countries. North America and Western Europe together use almost 70 per cent. of the paper and paperboard produced in the world, and produce an even higher proportion. The FAO outlook suggests that at least up to 1985, there will be little significant change in this overall pattern of concentration.

Growth patterns

It is the general rise in living standards, particularly in the developed areas, that has led to the different patterns of growth and consumption for the various types of paper. Rising living standards imply more leisure time and an increase in real incomes, so newspaper reading is supplemented by a magazine or a paperback book, and the pattern continues. Since consumption of paper is predominantly in the developed areas, this explains why newsprint growth is at a slower rate than that of other printing and writing paper.

And it is in a way a somewhat sad comment on Western civilisation that an indicator of “progress” is consumption of paperboard used so extensively in the burgeoning packaging industry. Here, paperboard has ousted some of the more traditional materials in some applications—sometimes at the expense of other forest products. For example, board boxes are now commonly used in place of the wooden fruit crates of old, while new uses for packaging paper include the individual separation of fruit that was once packed in a jumble in the box.

True, consumption of paper as a packaging material is facing intense competition from plastics, but in these conservation-minded, ecology-orientated days, paper products have the merit

that they are eventually destroyed by natural processes, or they can be re-cycled and used again with little trouble. As one of the key producing and consuming areas, Western Europe broadly follows the pattern of future consumption revealed in the world trend. Consumption over the decade to 1969 has increased by 70 per cent. from 19m. metric tons to about 32m. metric tons, according to OECD figures. The FAO predictions envisage this rising to 44.7m. tons in 1975, 59m. tons in 1980 and 78m. tons in 1985.

West European consumption of newsprint is forecast as rising from 5.2m. tons in 1969 to 6.13m. tons in 1975, 7.5m. tons in 1980 and 9.2m. tons in 1985. The respective growth stages for printing and writing paper are 8.2m., 11.5m., 15m., and 19m. tons. For “other” paper and paperboard the consumption forecasts at the same stages are 19.5m. tons, 27m. tons, 36.6m. tons and 50m. tons. The FAO has also produced

production forecasts over the same period, and although it urges caution and says a very high degree of qualification must be attached to even the most provisional comments or conclusions from the comparison of consumption and production, it appears that for total paper and paperboard, production is below the forecast consumption, and that the size of the deficit increases over the 15 years of the survey.

Again this world picture is broadly true of Western Europe, but there is one major difference. On a world basis, newsprint production is consistently higher than consumption, with an excess rising to around 2.5 per cent. by 1985. But the predictions for Western Europe indicate that newsprint too will be in deficit to consumption.

The implication is that Western Europe, which as a whole is a net exporter of paper and paperboard, even though in West Germany and the U.K. it has two of the biggest net and

absolute importers in the world, will, by 1980 if not well before, become a net importer of paper and paperboard.

According to the FAO study, by 1975 West Europe will have a deficit of 2.4m. metric tons of pulp and 1.35m. tons of paper which is entirely in “the paper and paperboard” category. By 1980, it forecasts, the region's pulp deficit will have risen to 4.4m. tons and the paper deficit to 3.7m. tons with all grades contributing. By 1985 it predicts the pulp deficit will have risen to nearly 8.5m. tons and that of paper to 6.8m. tons.

On the basis of the industry's criterion, broadly blessed by the FAO, that higher living standards spell an increase in paper and paperboard consumption, it seems likely that one of the major growth areas in Western Europe will be the EEC. Only West Germany is on a par with the U.K. in terms of total consumption, each with over 7m. metric tons of paper and board in 1968, while the EEC total was 18.5m. tons.

On a per capita basis, West Germany is still just below the U.K. at 276 lbs. against 288 lbs., although the Netherlands has a higher per capita consumption than Britain of 301 lbs. Belgium and Luxembourg have a joint per capita consumption of 228 lbs. French 204 lbs. and Italy 147 lbs., giving an EEC average of 217 lbs.

The EEC countries have been catching up fast in per capita consumption. According to OECD figures, over the decade to 1969 growth rates in the six varied from nearly 55 per cent. in West Germany to over 109 per cent. in Italy, which admittedly was at a low level to start with. But against countries like the U.S., with 546 pounds per head, Canada with 342, and even Sweden, which manages an astonishing 422 pounds per person per year, the six as a whole

are still in something of a minor league. Whether expansion will continue in future at the astonishing rate of the past remains to be seen, but certainly on a comparison with other countries there is room for growth.

If, as the forecasts indicate, West Europe is to become a net deficit area, it poses the question of where it will obtain its needs from. The answer seems to be North America and the Soviet Union. North America has much the biggest potential export surplus available, forecast at 5.4m. tons of pulp and 3.3m. tons of paper in 1975, rising to 8.5m. and 4.8m. tons respectively in 1980 and 12.3m. and 5.3m. tons in 1985.

Against this, the Soviet Union's export surplus appears quite small—0.4m. tons of pulp and 0.2m. tons of paper in 1975, 0.7m. and 0.27m. tons in 1980 and 2m. and 0.36m. tons in 1985.

But it is clear that the Soviet Union does have large forest resources still unexploited—as, indeed, has Canada. According to Dr. N. A. Osara, a former director of FAO's forestry and forest industries division, these two countries have the richest forest resources still waiting to be used.

He has said that the time is probably not far away when the most important forest areas of Canada will come within the sphere of economic activity. This is not such an immediate prospect with the Soviet Union, he considers, at least as far as the immense forest resources of East Siberia are concerned. Nevertheless, in this expert's opinion, the Soviet Union, qualified to become a very considerable factor in the international market for all forest products—as it already is for some.

Officially-based consumption prospects for this sector of the Scandinavian forest industry.

of the Scandinavian forest industry, the woodworking side, producing sawn and planed timber, plywood and particle board, are harder to find.

The buoyancy of the building and construction industry is probably the key influence on consumption in this sector. New developments in building materials and techniques constantly threaten total timber consumption, with increases in the use of labour-saving panels of plywood or particle (chipboard), partly offset by at best stagnant consumption of other wood.

Sawn softwood

In the U.K. for instance, which is still the world's second largest importer of sawn softwood (after the U.S.) and receives nearly half its imported softwood supplies from Scandinavia, consumption of softwood in the last two years has been stationary at some 8.4m. cubic metres, and is only 600,000 cubic metres over the 1960 level.

A U.K. hardwood consumption is actually in decline at 1.4m. cubic metres last year against 1.8m. in 1960. Consumption of panel boards has shot up, however. Plywood is up from 678,000 cubic metres in 1960 to over 1m. last year, while consumption of particle board has gone up by more than six times from 67,000 tons in 1960 to 433,000 tons last year.

A leading timber trader recently forecast a rise in U.K. consumption of softwood in 1971 of 9.3m. cubic metres by 1975. Nevertheless, in this expert's opinion, the Soviet Union, qualified to become a very considerable factor in the international market for all forest products—as it already is for some.

Officially-based consumption prospects for this sector of the Scandinavian forest industry.

THE FEDERATION OF THE NORWEGIAN PULP AND PAPER INDUSTRY

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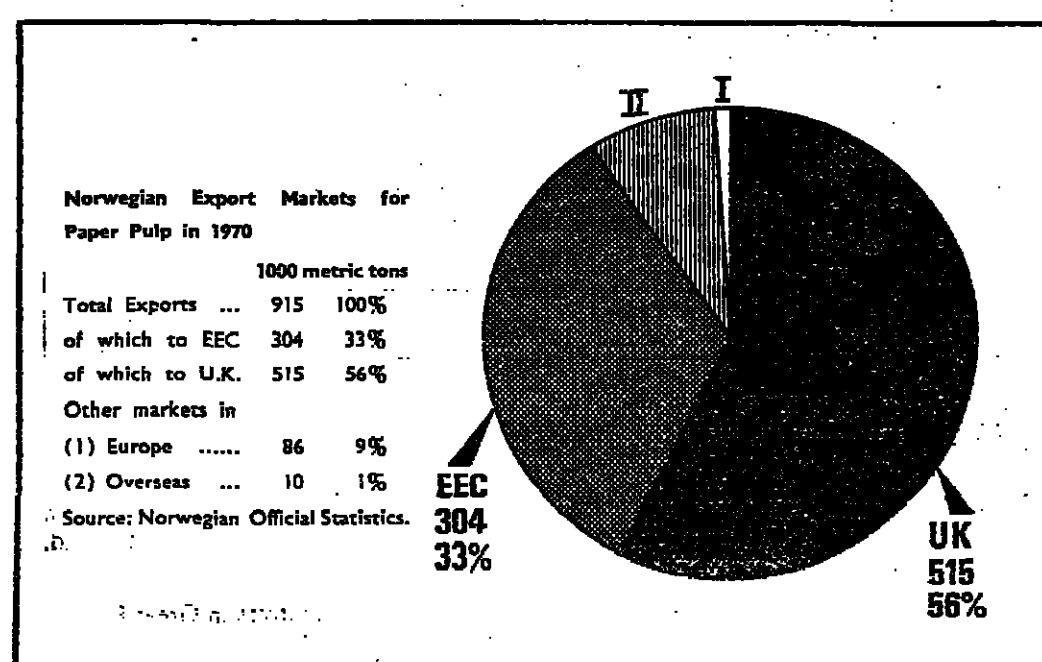
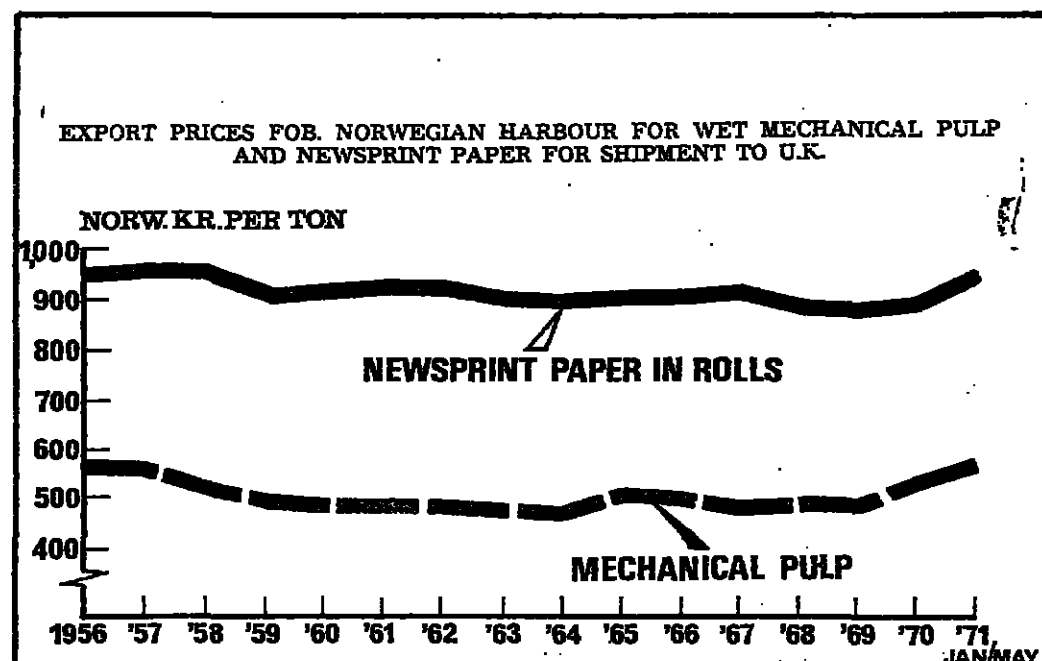
“Concerning conclusion of an agreement with Haakon, King of Norway.”

Henry by the grace of God etc. to Haakon also by the grace of God King of Norway extends his greetings. We extend Our heartfelt thanks dear cousins for the news you have dispatched to us by letter and through the worthy Abbot of Lye monastery, namely that it is Your desire and hope to conclude an agreement of peace and friendship with us and to be united with us by a treaty.

It is also and has always been Our wish that our two countries should be one community so that merchants and other persons under Your jurisdiction will have free and unhindered access to Our country such as Our merchants and other persons will enjoy to Your country, provided a mutual exchange of assurances to this end.

In the meantime We are willing to allow merchants, both from Our and from Your country, to arrive in and depart from Our realm, and if there may be anything You want to be done and which We could do, please do not hesitate but let Us know. We have postponed the return of the Abbot until now because we wanted to the best of Our ability to refit Your ship and all equipment and we will see to it that the Abbot will keep You informed about conditions in Our realm.

Written in Lambeth, October the 10th. A corresponding letter has been dispatched to Skule, Duke of Norway.”



Even before 1000 A.D. wood and timber played an important part in Norway's exports, particularly to England which gradually became a principal market for Norwegian forest products. English customs “records” from the beginning of the 13th century show that the timber trade to England had considerable scope. In turn it created possibilities for the Norwegian import of textiles, flour, spices etc. from England.

The “Trade Treaty,” which was entered into in 1217 between Henry III of England and Haakon V of Norway, and which is quoted above, is clearly a result of the above-mentioned development. Even after considerable expansion in the exchange of goods with other countries in modern times, marked by extreme international co-operation and the advancement of technology, the U.K. has kept a dominating place as purchaser and supplier to Norway. Today therefore, the Norwegian economy is strongly bound to the British. Last year Norway imported goods from England worth £190 million (£50 per inhabitant) and Norway exported £183 millions' worth to the English market in the same year.

The development of new and refined products within the forest industry has also made its mark on the trade between the two countries. Today timber takes a modest place compared with the highly refined products from the forest industries.

Even with today's much greater geographical spread of Norwegian exports, the deliveries have an extremely modest level in the British economy. The import of paper and board from Norway does little towards covering English consumption, which in 1970 amounted to over 7 million metric tons. The total import of paper and board in 1970 was 2.5 million tons, of which only 184,000 or about 7% came from Norway. Today Norway's percentage for covering the British total consumption of paper and board is 2.6%, the same as before the war, whilst the Norwegian percentage of the U.K.'s import totals over 7%, in other words a little less than before the war.

The delivery of raw materials from Norway to the British paper industry is of more direct significance. In 1970 England's production of paper and board was about 4.9 million tons. It was necessary to import 618,000 tons of mechanical pulp and 2,500,000 tons of chemical pulp in 1970. Norway's percentage of these was 70% and 5% respectively. This means that a little over one fifth of the English import of raw materials for paper production came from Norway.

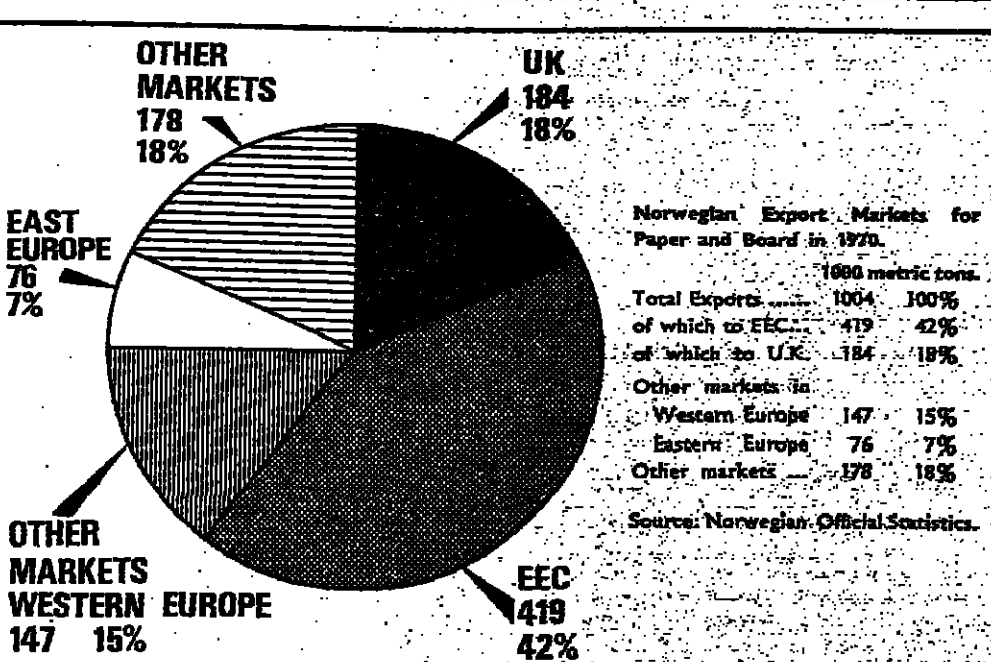
The Norwegian Pulp and Paper Industry is very pleased with the good co-operation which is established with British importers and is ever willing to perform new services in the natural division of labour between our countries.

U.K. CONSUMPTION AND IMPORT OF PAPER, BOARD AND PAPER WOOD PULP.

	1,000 metric tons		
Paper wood pulp	1960	1965	1970
Consumption	2620	2888	3162
Total import	2465	2622	2739
From Norway	458	505	537
Paper and board			
Consumption	5312	6112	7139
Total import	1426	1723	2506
From Norway	82	128	184

Consumption=apparent consumption.

Source: OECD and H.M. Customs and Excise.



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NORDIC FOREST INDUSTRY V.

Machines take over from man

By ANDY McELROY

Forests are like fresh air - no one realises how valuable they are until their supply begins to run out.

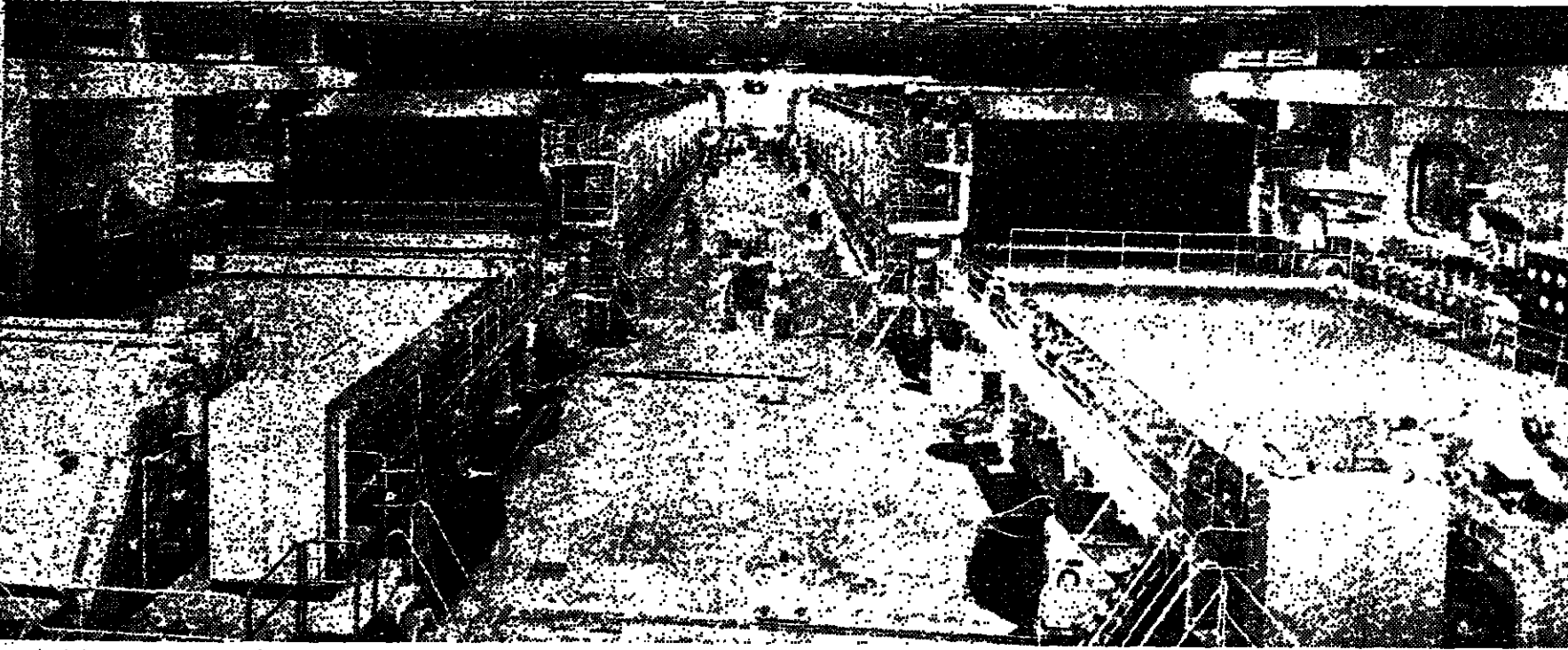
Fortunately, the reforestation programmes needed to replace the plentiful supply of sawable timber have been under way for a long time, at least in Scandinavia. Countries have seen this in years has led to difficulties in harvesting the crop that were not foreseen at the time of plantation. In fact, it is true to say that the design of equipment for felling, transporting and processing timber is now determined largely by the pattern of plantation.

Although Scandinavia, with its natural forests, is ideally equipped for supplying many other countries with their timber needs, to-day most of the timber being cut (about 82 per cent in Sweden) is the fruit of a planned afforestation programme. Scientific study of the optimum conditions for healthy growth, in terms of spacing, habitat, etc., have meant that the forests are much more productive, in terms of saleable timber per acre, than natural random growth. One estimate for Sweden, for example, puts the increased yield of plantations over natural forests as high as 40 per cent, while a corresponding figure for Norway, only a rough estimate, is between 25 and 35 per cent.

Higher cost

But while the theoretical yield is so much greater, the final cost of the grown-but-unfelled tree has naturally risen. Two factors have caused this: rising land values, even on the comparatively barren tracts used for forestry, and the cost of caring for the standing timber. In Scandinavia, as elsewhere, these increases have not been reflected in the selling costs of timber and timber products.

This is a familiar equation, and the difference in production and selling costs is accounted



A view of the Veitsiluoto Oy paper mill in Finland.

for in forestry as in so many other industries, by increased productivity, mainly by replacing men with machines.

Over the past decade, in fact, the labour productivity of the Scandinavian (or Nordic, including Finland) timber industry has increased by almost 100 per cent. This has been no accident, since it reflects, partly, the increasing drift of labour into the other manufacturing sectors which are playing an increasingly important part in the Scandinavian economy. In addition, it is worth noting the importance of forestry in the Nordic economies. In Sweden, it accounts for 14 per cent of the gross national product, for example, while for Finland the figure is 20 per cent. Relative to the rest of industry, these figures have been declining for the last ten years and will con-

tinue slowly to diminish in relative importance. Machinery's part in maintaining the prosperity of the industry cannot be overstated. Taking it at its most basic, at the felling stage, modern chain saws, handled by two men, are now reckoned to be at least four times as fast as they were ten years ago. Fairly minor improvements have been responsible for this, such as the comparatively new tungsten carbide saw tips that give higher cutting rates, less down time for sharpening and resetting, and fewer break-downs.

Fortunately, one of the pioneers of these tips, and a major manufacturer of the saws themselves, is the Swedish company Sandvik, which supplies the rest of the world as well as the Nordic countries, with this type of equipment.

Sandvik is also involved at the other end of the scale, when the timber is being processed into either constructional materials or sliced down into veneers for the manufacture of, say, plywood.

The importance of extensive mechanisation at this stage is probably greater than in the forests themselves. Taking recent export figures, both Sweden and Finland exported over 70 per cent of its timber in processed form, such as sawn planks, manufactured boards and veneers rather than as debarked roundwood. Pulp is excluded from these figures for, while of the same origin, it is generally looked on as an entirely different class of product.

However, if this is taken into account, both in production and exports pulp alone is a larger factor in both countries than roundwood.

This is reflected in the extent of investment in machinery for every stage of timber felling, transport and processing. Although it is difficult to establish completely accurate figures because of the alternative uses of some of the equipment employed, it is certain that the expenditure by companies in the last three years on equipment has averaged between £250m. and £300m.

More powerful

Much of this has been devoted to improved transport equipment. In particular, in common with other countries involved in forestry, the trend has been towards the use of more powerful machinery for dragging the felled logs to either rivers for flotation or to sawmills for processing. This has two major advantages, especially in the large coniferous plantations.

Organisation of the planting patterns here is such that the large tractors can operate with ease and consequently the time taken to work an allocated section can run exactly according

to timetable. Secondly, the control offered by the latest skidders means that there is little danger of damage to young growth during the process.

So far, this is an area of machinery manufacture that the Nordic countries have not yet entered seriously, and they still rely for the large machines on imports. At present, a number of companies are considering the purchase of the latest American logging gear, typified by the latest Clark equipment, designed for high-speed use in difficult terrain. This initial stage of removing the timber from the forests is an important one in determining the end use, since damage inflicted on the logs through careless felling or transport greatly reduces the proportion of first-class timber. During the past ten years this has, because of the increasing importance of manufactured boards such as chipboard and blockboard, not been particularly a source of worry to the timber companies. But during the past two or three years, they have increasingly seen the merit of getting the logs to the sawmills in undamaged condition. To a considerable extent, this revision of attitudes is the result of the increasing use of timber in building. Scandinavia has always, of course, built a high proportion of its houses by the timber frame method, but now even countries as conservative as Britain are adopting the method, especially in the public sector.

Last year, for instance, an estimated 25,000 timber frame houses were built by public bodies, and the indications are that this number will continue to grow faster than the (at present insignificant) growth of traditional building.

Obviously timber for this use must be sound. Research has shown that many of the defects causing timber to be rejected for structural use have their origins when the tree first falls

to the ground, although they may not show until a much later stage.

In the United States and Canada, logging firms make extensive use of equipment which cuts and lowers the timber gently to the ground in one operation. Similar equipment is in use in the Nordic forests, but so far it is used to work only a tiny fraction of the total timber worked. Automatic felling equipment, if present

research is anything to go by, should play a much more important part in the timber industry within the next ten years, although the rate at which it will be adopted will depend on the pattern of demand for coniferous woods, the main part of Nordic production, and on a number of as yet unresolved problems. Among these is the question of whether processing plant is more economically situated in comparatively small units near the forests, or in larger units near the markets and ports.

Latter course

So far, the economies of scale implicit in the latter course of action have won the day, but there are still advocates of the first system who maintain that it would give a higher degree of integration and efficiency.

This efficiency will be the criterion for any mechanisation that the Nordic forestry industry must undertake in the future. There seems to be no end to the widening of the gap between labour costs and the finished price of timber products, but producers realise that they must, at all costs, keep their prices competitive with other materials. So far, they have managed successfully, but in the future the prosperity of the timber producers will depend to a very great extent on the ingenuity of the equipment designers and producers.



THE QUALITY BEGINS IN THE FORESTRY

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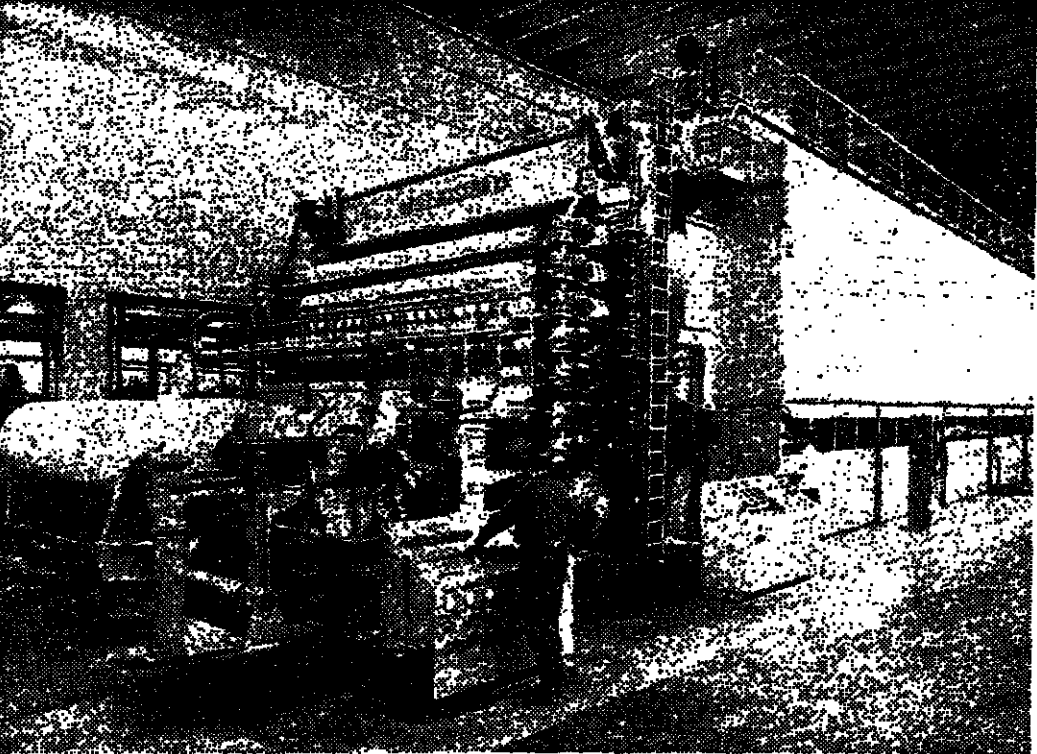


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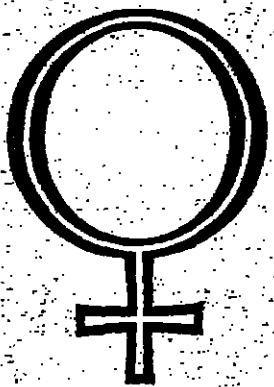
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A Wamsley newsprint machine operating in A/S Follum Fabrikker, Norway.

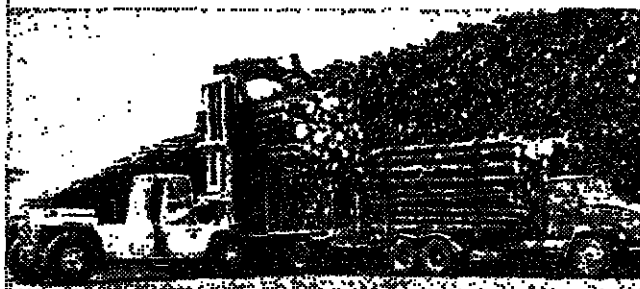


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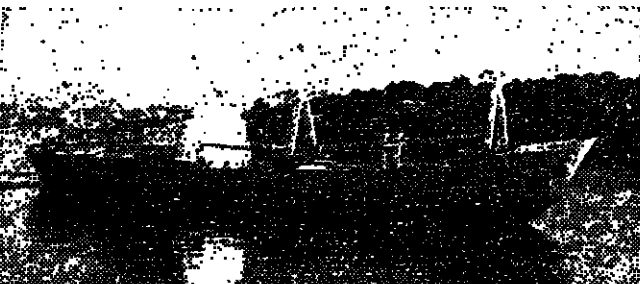
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NORDIC FOREST INDUSTRY VI

Timber producers foresee more rationalisation

By JOHN WALKER

The production of sawn timber in Sweden during the first half of this year was about 10 per cent. above the figure for the same period in 1970, and exports also rose by about 10 per cent. Both these increased levels are better than forecast at the beginning of the year. At the end of June Swedish export sales amounted to more than 5.1m. cubic metres of sawn timber, which is equal to approximately 75 per cent. of the anticipated export volume for the whole of the year.

Higher exports

The South Swedish Forest Owners' Association say that the Swedish saw mill industry is maintaining its position on the European timber markets this year. This is considered satisfactory since Swedish exports of timber have increased by approximately 40 per cent. over the last five years. During the same period exports from Finland and the Soviet Union have remained largely unchanged, while Canada's exports to Europe have decreased.

Currently it is estimated that sales of Finland's timber will

amount to 1m. standards in 1971, the same figure as for last year. But the general trend during the second half of this year will to some extent be a slowing down, since the sharp rise in the first half is attributed to a significant amount of stock-piling.

There are a number of factors which indicate that deliveries to the home and export markets will not keep pace with production in the second half of this year. This is likely to lead to a build-up of stocks at the saw mills, but it is reported that a price adjustment as a result of this trend is out of the question.

In contrast, there is every indication that the price of sawn timber will increase next year, when the effect of recent wage increases starts to filter through the industry. It is forecast that in addition to extra sawmilling costs there will be additional felling and logging costs to take into account.

These predicted cost increases will probably persuade a number of buyers to increase their stocks, but at the same time the tempo of the buyers who have already made substantial purchases will slow down. There

are other factors to be taken into consideration including a favourable sawing season last winter, which yielded a high production which is now tending to level out.

Although mechanisation in the Scandinavian sawmills is advanced, the latest round of wage increases will almost certainly encourage the industry to search for even more efficient ways of processing timber. This in turn will promote more mergers in the industry so that output from the mills will be even higher. At the same time techniques for felling timber in the forests has also undergone many changes.

More mechanisation

These changes in logging and transport are best illustrated by the fact that manpower input per cubic metre cut has decreased from about one man day per cubic metre in 1950 to 0.7 man days per cubic metre in 1960 and to about 0.20 man days per cubic metre now. Also costs for logging and off road transport have been kept at more or less the same level during the past

five years as a result of increased mechanisation.

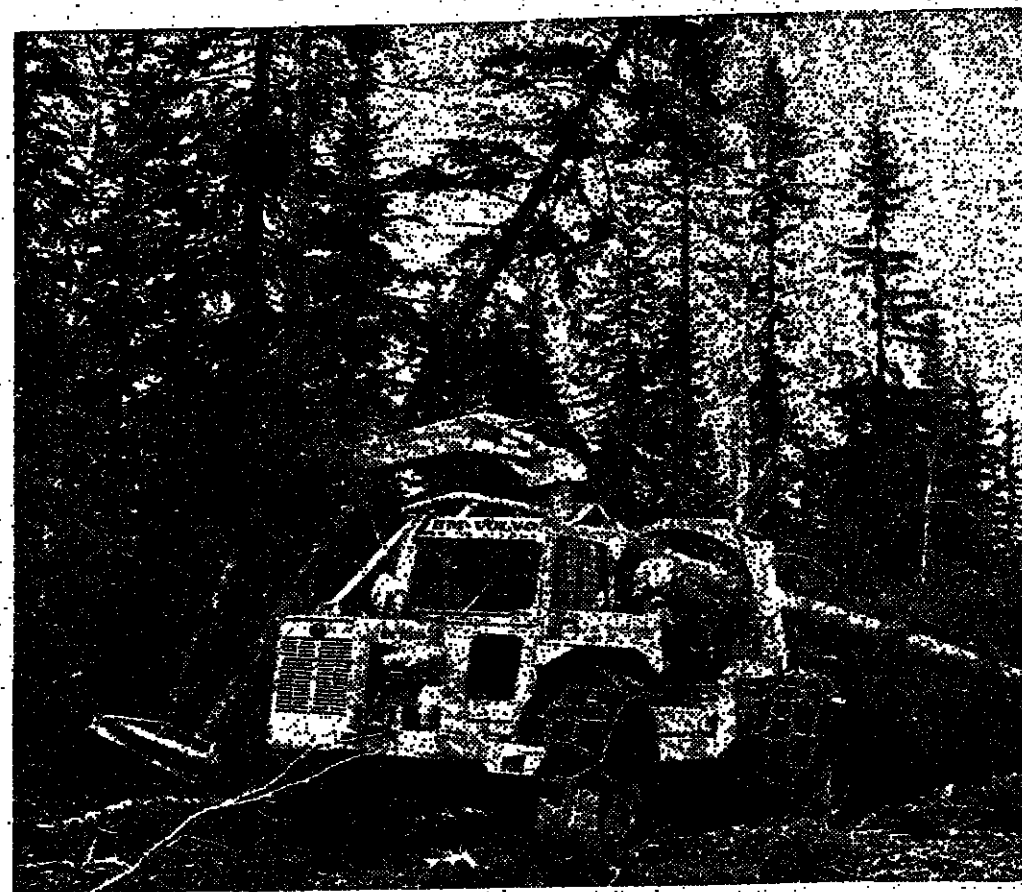
Forecasts in the industry suggest that in due course work in the forest will be very much more advanced technologically than it is at present. Machines will take over more and more jobs so that the slogan "no man on the ground, no hand on the timber" will become a reality. Rising costs will, as in other cases, accelerate this move much more than is generally believed.

These changes will have a considerable effect on the Norwegian forest owners, since many of their forests are split up into smallholdings owned by farmers who could not possibly afford to invest in expensive mechanical aids on an individual basis. This is likely, in turn, to put pressure on the owners to amalgamate into large and more efficient units. Also, the wood processing industry is made up of mainly small firms and output per machine and per firm is somewhat lower than is the case in Finland and Sweden.

Looking towards the end of the year, the South Swedish Forest Owners Association state that the Russian and Finnish goods compete chiefly with North Swedish producers, while

it is Canadian shipments which mainly influence the market for the South Swedish producers. With costs of both raw materials and labour in Canada increasing by at least at the same rate as in Sweden, the Canadian mills will not be in such a favourable position as they have been.

Mechanised felling of timber in a Swedish forest.



Controlling pollution

By JOHN WALKER

It is estimated that about 1.2m. tons of waste materials are jettisoned into the Baltic annually by the seven countries that surround the area. As the Baltic is virtually tideless, it means that dumped waste materials tend to remain in the same place for a long time. For instance, one estimate suggests that if oil was discharged at the northern end of the Baltic, it might take up to 20 years for it to disperse out into the sea at the southern end.

However, within their own borders and within the framework of Nordic co-operation, the Scandinavian countries can tackle most forms of pollution. The Swedish, Finnish and Russian pulp mills produce contaminating organic and chemical waste, and one source suggests that about two-thirds of this comes from Sweden and Finland.

But, the Scandinavians are in a comparatively strong position since they have been able to concentrate on prevention rather than having to mount a rearward action. Recognising that the problem was starting to escalate, the Swedes introduced comprehensive legislation in 1969, which they hoped would go a long way towards limiting pollution in the short-

term and preventing it in the future.

Introducing this sort of legislation is one thing but paying for it is another. Estimates made by the Swedish Pulp and Paper Association indicate that during the first half of the 1970s the industry will have to spend about \$56m. on pollution control. This is in addition to the current level of ordinary investment, which is in the region of \$76m.

Co-ordinated action

During the past five years the industry has already spent \$20m. on pollution control. Such a comprehensive programme has led the Pulp and Paper Association to co-ordinate the plan as an operation on this scale cannot be carried out within the framework of the organisations dealing with environmental problems, such as the Swedish Water and Air Pollution Research Laboratory, and the Forest Research Institute. As a result a new organisation is being set up called the Forest Industry Water and Air Pollution Laboratory.

Financing will be by contributions from industry, amounting to about \$800,000 for personnel and equipment, which will be in the form of grants,

while other forms of expenditure by industry will double this amount. About 70 technicians will ultimately be involved in the administration of the new organisation from the Association's member companies, consulting firms and research institutes.

It is claimed that since the mid-1960s the volume of pulp, paper and fibre building board which industries discharge into the environment has diminished, despite a steady growth in production, but the reduction has not been on a sufficiently large scale. The work of the new organisation has been distributed among eight groups whose assignments include the formulation of aims and plans in the light of systemised know-how, indicating possible solutions as well as proposing possible steps.

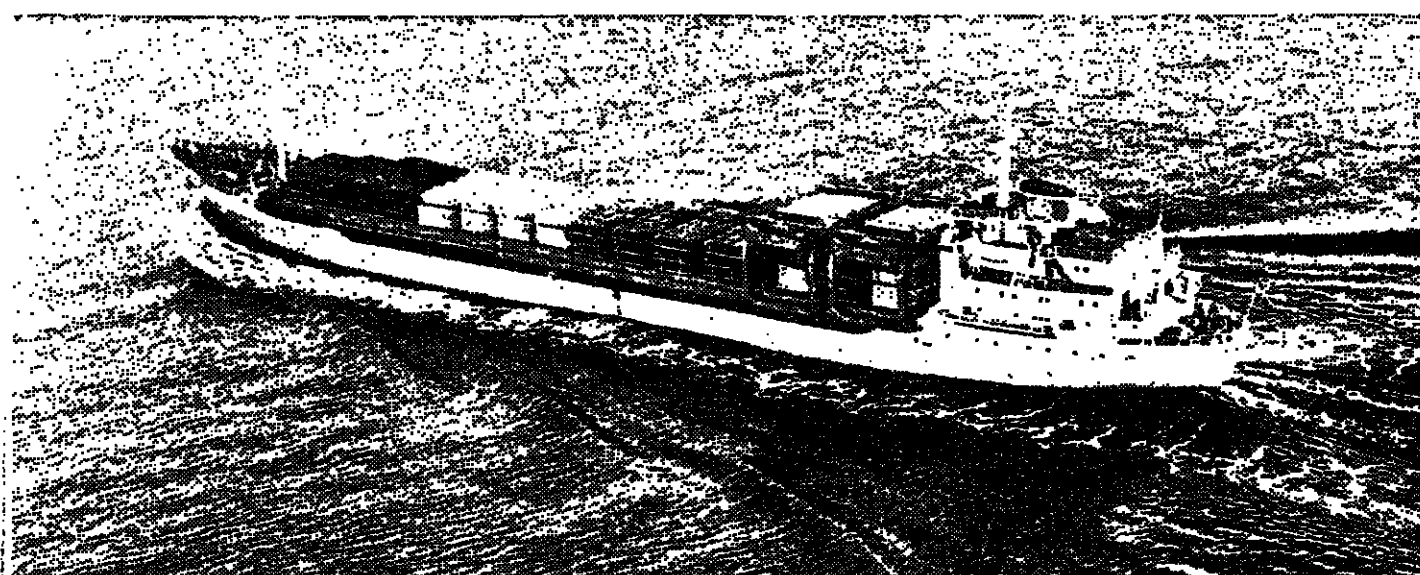
Current measures

To put this action on a wider level, trade associations in the U.S., Canada and Finland, as well as Norway, have been approached for the purpose of exchanging information and co-ordinating efforts, ultimately leading to the international pooling of knowledge to help the forest industry to control pollution.

Neither Norway nor Finland could be accused of lagging behind in respect of pollution control, especially in the paper and pulp industry. Norway spent some \$6m. on current pollution measures up to 1969. Estimates suggest that 10 million more will be needed according to Mr. Koren, Director of the Norwegian Paper Pulp firm Suabruks Forenning and Chairman of the Industrial Committee for the Protection of the Environment. He said that the exact amount the industry would have to spend would depend on standards of clean-up set by Government.

As a result of a voluminous agreement within the industry, Norwegian paper and pulp factories stopped using mercury in their manufacturing with effect from January last year, so chemical is no longer in plant effluent. The problem has been to continue the process already begun—of reducing amount of organic waste in effluent.

A new Norwegian law designed to prevent water pollution, and any firm now releasing effluent into rivers, streams, lakes and other places has to apply for permission to continue. Continued on next page



A 12,000 ton ship belonging to the Swedish Cellulose Company and used for delivering exports of forest industry products to London, Rotterdam and Hamburg.

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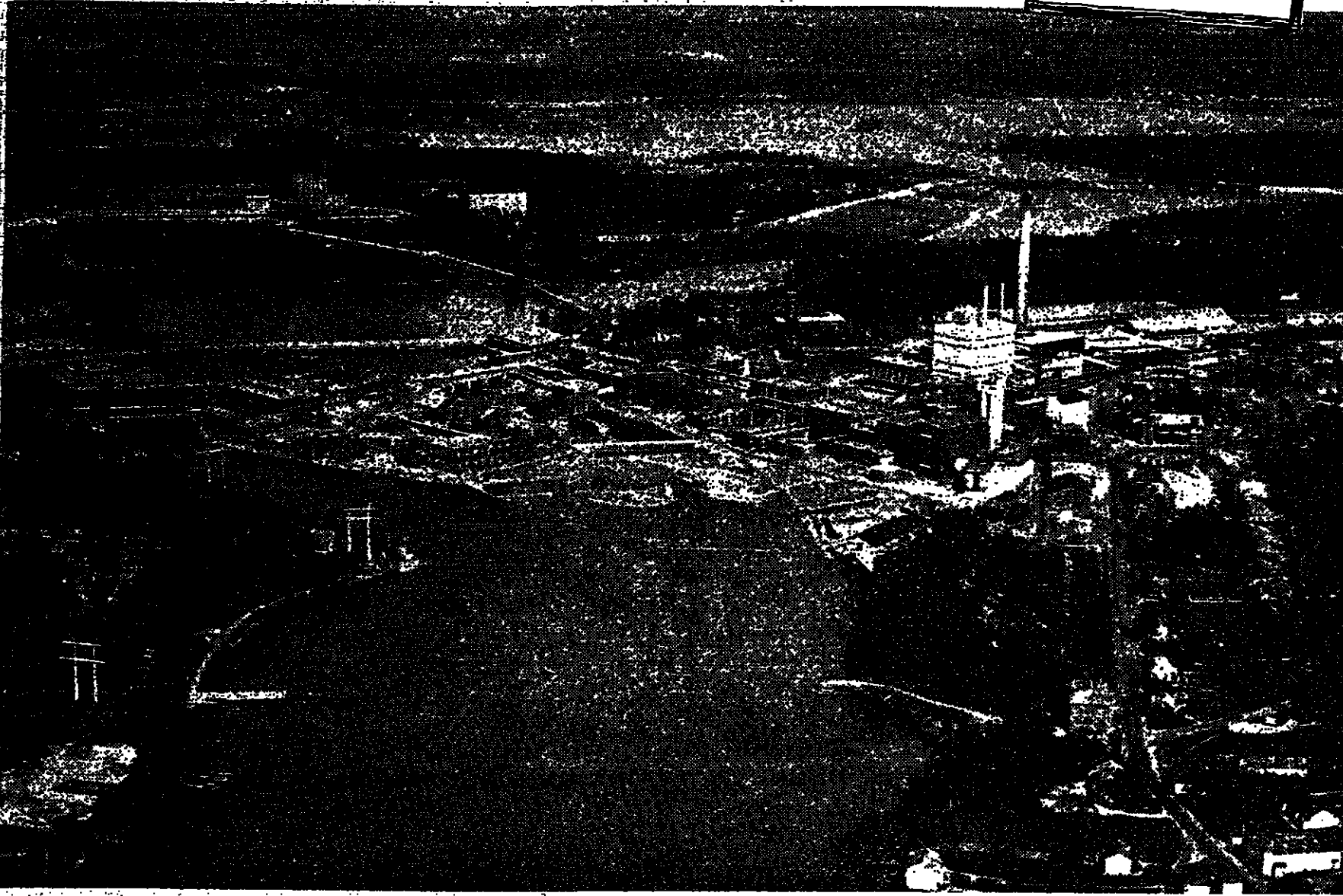
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NORDIC FOREST INDUSTRY VII

هكسان النحل



Kymi mills, Kuusankoski, Finland, are owned by Kymin Oy-Kymmene Ab. The mills manufacture pulp, paper, converted products and chemicals.

Widespread innovation in the packaging sector

By a Correspondent

There is, it is claimed, a high correlation between a country's standard of living and its consumption of packaging, and there is a linear relationship between GNP per capita and packaging consumption per capita. Also it is claimed that about 50 per cent of paper consumption is accounted for by packaging, so this sector of industry plays an important role in Scandinavia's economies.

Primarily there are four main types of material used in the packaging industry: paper and paper board, metal, glass and plastics, plus some miscellaneous items. It is difficult to make a direct comparison of one country with another, since in some cases similar statistics are not readily available. But some idea of the importance of this sector of industry in the economy is in Sweden, where packaging accounts for about 16 per cent of the value added in manufacturing. Breaking down Swedish production shows that about 45 per cent is paper and board, 20 per cent metal, 7 per cent glass, 15 per cent plastics and 13 per cent miscellaneous. Over the last five years packaging production has increased by about a third in terms of value, with some extent at the expense of more traditional materials.

As standards of living have risen, consumer demand for such items as convenience foods has pressurised manufacturers to improve the packaging of their products. One particular force in this direction has been the rapid growth of self-service shops, particularly in the food sector, and this development has been accelerating in Scandinavia as a direct result of major importance how this is

achieved. Combustion brings its own problems in so far as air pollution is concerned and as packaging is going to continue to increase the problems will also gain ground unless suitable methods of disposal are put into operation.

A former packaging laboratory which was established and financed by the Swedish paper and board manufacturers, the corrugated fibreboard industry, and various transport agencies, has been turned into a semi-State-owned body called the Swedish Packaging Research Institute. The laboratory has three main spheres in which it will operate: the combustion properties of various packages; the determination of smell and taste properties of packaging materials; and the measurement of the permeability of consumer packaging. Also, research either in progress or planned includes

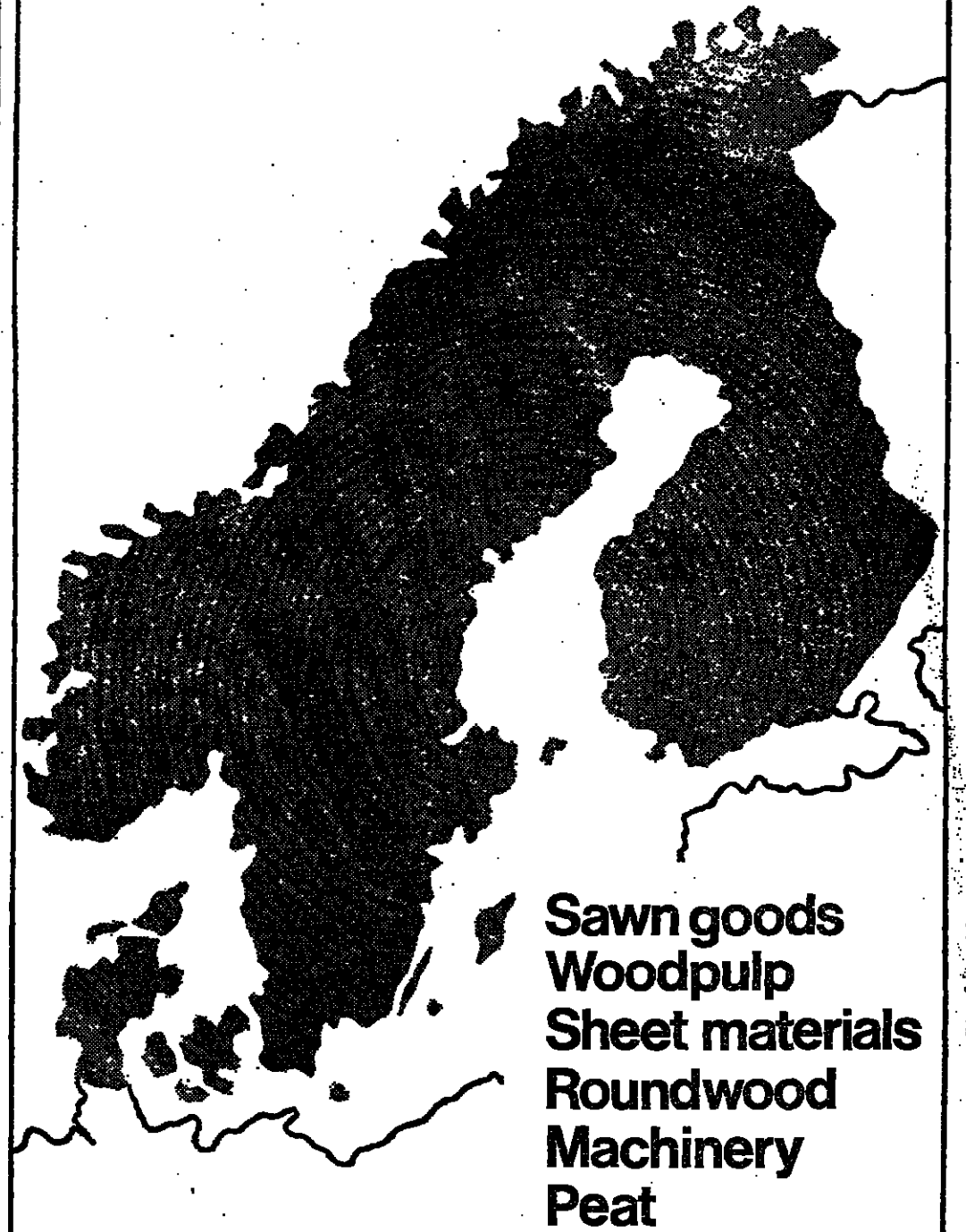
Plastic foil

As well as plastics, metal packaging is also gaining ground, and a combination of the two materials has been used for packing sausages. A plastic aluminium foil has been developed which, it is claimed, preserves the contents for months without refrigeration and is an alternative to cans. Also, a combination of paper and plastics has been tried out in the form of a beer bottle, mainly on a test marketing basis. The introduction of new ideas for the use of a number of products together will in due course lead to even better packaging methods and also lead to lower costs.

Meanwhile, the Scandinavians are not just producing packaging for domestic consumption. Exports are increasing annually and already realise significant foreign earnings.

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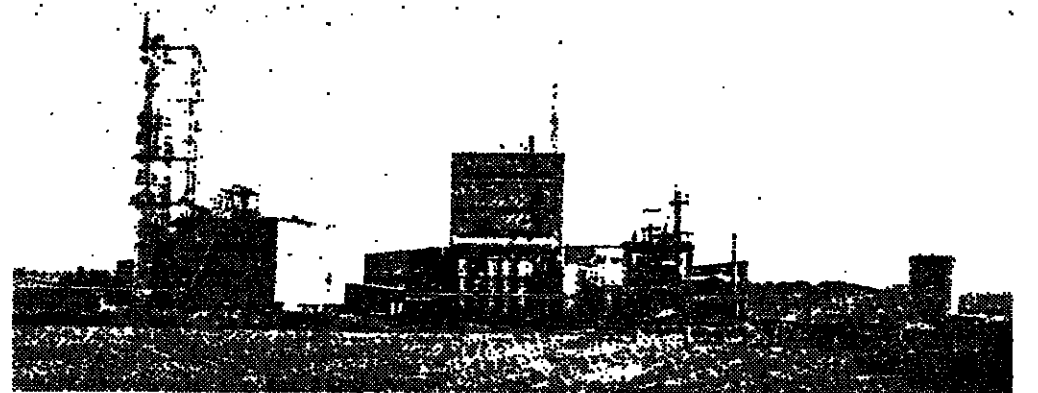
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Pollution

— (Cont'd.)

Continued from previous page invest \$40m. on water pollution control in the current decade. This action, it is claimed, will result in the reduction of the amount of suspended solids to one-fifth of the present level and to nearly one-half of the present oxygen-consuming organic matter. Direct subsidies to the industry are considered impossible, apart from some exceptional cases. But the committee recommends low-interest loans to cover at most 50 per cent of the costs as well as State-guaranteed loans.

Mr. Koren said that the industry expected the authorities to allow it a transitional period in which to meet the clean-up standards which will be set in other countries; the period has normally been five years—and he expected that this practice will be followed in Norway.

In Finland the largest user of water is the forest industry, so the emphasis is on pollution control of water. The 1962 Water Act was stiffened recently by the establishment of the State Water Board and regional water courts. Under the law most pulp and paper mills have to apply to the water court for permission to discharge waste waters.

Generally speaking the legal procedure has been slow, with the result that pollution control has been mainly on a voluntary basis. This it is claimed has worked well. Although total production has doubled in the 1960s, there was no significant increase in the waste load. All but two pulp mills evaporate and burn their sulphite waste liquor as standard practice, but this leaves one outstanding problem—discharge into the air.

Treating pulp

Satisfactory ultimate methods of treating pulp and paper plant wastes in Finland are not yet available, so that the practical approach is to do by degrees what is possible and at the same time is realistic. This action has been accepted by the authorities. So far accurate costs are hard to estimate, but the State committee studying the problem has calculated that the pulp and paper industry will have to

Pollution control

The International conference on the environment which is to be held in Stockholm next year will highlight the problem in its various guises, and it is hoped that it will result not only in the cross-fertilisation of ideas but will also promote the basis for establishing international control in this area. Generally speaking, pollution control has been mostly the preserve of the technician and scientist, with the general public not fully aware of what the real problems are.

What probably made the Swedish public more aware than before was the fact that fish in a number of lakes as well as in the Baltic were found to contain mercury in dangerous proportions. This was highlighted when fishing was banned in an area of the archipelago just outside Stockholm which was very popular with sports fishermen. This became a national newspaper story within a short time. But environmental control is an expensive business, and it seems that in the long term industry is going to have to pay its own way, rather than rely on State subsidy. Providing that industry is successful in controlling pollution of the environment within reasonable limits, the ultimate financial gains will prove more than worthwhile.



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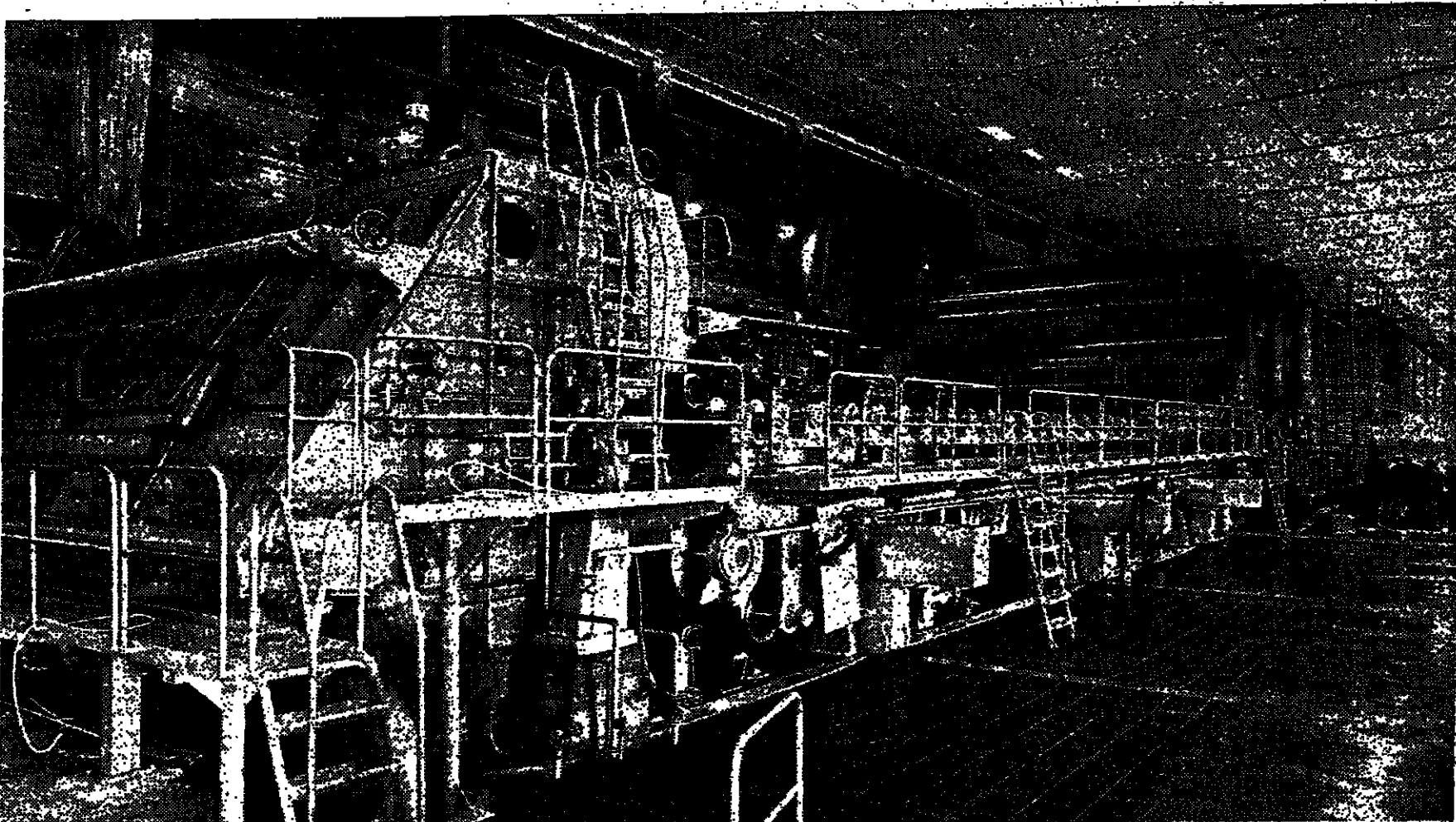
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NORDIC FOREST INDUSTRY VIII



A fluting paper machine at Savon Selin mill, Finland. The machine was manufactured by Tampella, whose U.K. distribution is handled by Price and Pierce Group Ltd.

Increasing dependence on manufactured products

By ANDY McELROY

If there is one characteristic common to the Nordic countries, that has caused the startling increase in the manufacture and export of all types of processed articles and materials using wood as the basis. If one excludes finished timber articles such as furniture, the wood-based products of the Nordic area fall into three main categories: manufactured boards such as plywood and chipboard, veneers, and paper and pulp.

Production and exports of all these three categories have been growing at a faster rate than raw timber, and the trend within the industry has generally been towards the specialised end of the market, offering high-quality products that are in great demand in export markets.

To take one single example of the potential for manufactured products, it has been estimated by the Food and Agricultural Organisation that world demand for chipboard alone is increasing at the rate of 13 or 14 per cent a year. As the organisation pointed out in its report late in 1970, this is about the same as plastics, with all the glamour of technology to sustain their use.

Waste products

Although this may seem extraordinary, the reasons are not hard to find. Chipboard began life as a material which used mainly waste products from the timber, bonded with resin. Like so many plastics, in fact, it was accepted as an inferior substitute for another product. Since its introduction, however, it has established itself as a first class material in its own right, when made under the proper conditions and to the necessary standards. Resins for bonding the wood chips have increased in strength, consistency and durability, and the wood base itself is now made of selected flakes. This has resulted in a material with entirely predictable qualities, and in Britain the building industry has adopted chipboard on a large scale for such applications as the installation of suspended floors in homes and offices.

It is this predictability of performance that has enabled the manufactured boards to hold their own with other materials, as well as ousting natural timber in many cases. The oldest and best known example is plywood, which uses the inherent tensile strength of wood along the grain to produce a sheet material which is immensely strong per unit of weight, and which can be engineered for various desirable qualities such as weather resistance, decorative appeal and, when faced with a plastic skin or resin coat, resistance to chemical attack and excessive heat.

Plywood comes in a variety of guises, such as laminboard or blockboard, which are based on the same basic principle although bearing little external resemblance to the older material.

Finland is the one Scandinavian country which has made plywoods of various kinds its speciality. An indication of its success is that, currently, almost a third of Britain's imports of these materials are made in Finland.

Much of the credit for this achievement must go to the research teams which have, over the years, improved the quality of the man-made boards and, equally important, developed

ways of using them to their best advantage. Production of good quality plywood depends, ultimately, on the precision with which the component veneers can be cut, and it is in this area, more than in any other of the Scandinavian wood industry, that automation has made its mark. Cutting veneers in the traditional way, along the axis of the log is slowly dying out. To-day, the technique which is applied is to "peel" the log circumferentially, ending up with one large, continuous sheet. Machinery is in use which does this automatically, keeping the thickness of the veneer absolutely constant. Besides avoiding wastage, this method allows the manufacturer to produce decorative plywood panels of large size with a continuous grain pattern.

Development of machines of this type was initially stimulated by the need to produce hardwood veneers economically, and they are now used almost exclusively in this work. Although most of the timber growing in the Nordic countries is coniferous (softwoods such as pine) there are large areas of selected hardwood growths in Sweden in particular. By economical use of this timber, Sweden has built up a large trade in supplying sheets for veneering furniture made basically of softwoods. The growth in its export trade in these veneers has been helped by the growing world shortage and increasing prices of traditional hardwoods. In 1968 the total amount of hardwood cut in Sweden, for example, approached 8m. cubic metres, and the larger part of this was destined for processing into veneers.

Parallel with the growth of manufactured boards has been the development of the paper industry, always a significant factor in Nordic manufacture. In Finland, for example, pulp and paper production is the second largest manufacturing sector by value, after the food industries. In fact, it now accounts for about 14 per cent of the gross national product, despite the rapid growth and diversification of Finnish industry. Norwegian pulp and paper production again is near the top of the industrial table, following on behind food, basic metal production, chemicals and transport equipment.

Packaging growth

Quite a sizeable part of the increased production is accounted for by the growth of packaging, although newsprint is still the largest single factor. Specialisation in the production of newsprint has enabled the Nordic countries to contain price increases to a greater extent than their competitor countries on the other side of the Atlantic. Coupled with lower transport costs than their competitors, this has allowed them to penetrate every European country, as well as forming the base for a flourishing domestic printing and publishing industry.

Denmark as a country does not share in the wealth of timber resources of her Nordic neighbours, but has benefited from the boom in demand for manufactured wood products and the ready availability of timber from neighbouring countries. Best known of its activities in overseas markets is high-quality furniture which is, however, smaller than its

paper production by about 11 per cent.

In recent years all the Nordic countries, most of all Finland, have been extending their range of industries, mainly to increase their financial stability in the face of fluctuating world demand. But despite this they are all aware that timber and its products must continue to play a leading part in their economies.

Transport costs

For this reason, alone there must be an increasing expansion of timber products rather than the production of raw timber. Particularly in export markets, the transport cost of the basic material is a much higher proportion of the selling price than it is with, say, pulp or paper. In addition the value added by manufacture of these softwoods.

commodities is significantly not substantially greater.

This latter difference means that there is more capital available for investment, vitally necessary if Nordic timber exports are to maintain a competitive position in world markets.

Changes towards increased dependence on manufactured products are still to be seen and recently this has been particularly apparent in building industry. Prefabricated building units such as laminated beams and roof trusses, even complete houses, are being made for custom both at home and in export European countries. As changes of this kind continue it will have the effect of increasing the profitability and maintenance of the industry against stagnant demand added by manufacture of these softwoods.

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For the people, a wall of despair

There is something surrealistic about an army on active service in a British city. It is weird to stroll into Royal Avenue, Belfast, in the twilight and there find a patrol deployed along both pavements, a man on his knee to give cover as soldiers slip one by one across the gloomy road.

Yet Ulster is learning to live with such unreal cameos. If the people can keep their tempers, if the politicians can keep their nerve, and if the security forces can show they are slowly getting the upper hand—then Ulster need not descend into chaos. But it must be admitted that these and others present to many "ifs" for comfort.

Again, that might be an excellent way of adjusting the Constitution to the reasonable satisfaction of everyone if the Province were bursting with good will. As things are, would be useless. The terrorists have long since opted to destroy Northern Ireland by the most effective violence they could devise. They are not going to be put off by the promise of a 25 years hence.

What, then, is going to happen? Predictions must allow for the possibility of two major political developments. Either or both of the governments of Ireland could fall. Mr. Lynch

A \$500,000 research ship, the RRS Challenger—built for the Natural Environment Research Council—was launched yesterday from the Clyde from the James Lamsont yard at Port Glasgow. The ship, which is designed exclusively for research work, is a stern-trawler-type vessel of 1,440 displacement tons with a speed of 10 knots and a range of 2,600 miles, and is fully equipped to carry out a wide range of geological, geophysical, marine, biological, and other oceanographic research.

Challenger has a crew of 24 and accommodation for nine scientists; it will operate mainly in North Atlantic waters. The ship is expected to enter service around the end of this year.

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COMPANY NEWS + COMMENT

Combined English forecasts record year

A 66 PER CENT increase in profits before tax for the half-year ended July 31, 1971, and an increase of 2 per cent in the interim dividend are reported by Combined English Stores Group.

And the directors say that following their efforts to reshape the group with planned expansion into multiple specialist retailing, and having regard to current trading, they are confident the results for the full year to January 31, 1972, will be a record for the company.

Pre-tax profits for the first six months were £255,200, compared with £153,100 in the same period of the previous year and £38,000 in the first half of 1969-70. The latest figure includes an estimated £50,000 (net of finance charges) attributable to new acquisitions.

Eliminating these contributions leaves profits 26 per cent higher than in the comparable period last year.

Terminal losses of some £60,000 incurred in closing further stores as part of the rationalisation programme are being written off reserves.

The interim dividend is lifted from 5 per cent to 7 per cent. Last year's total was 16 per cent, paid on profits of £577,000.

In connection with the arrangements for the purchase of J. T. Morgan and Co. (Swansea), an additional £125,000 of Ordinary capital was issued bringing the total to £1,637,000 on which the interim now declared is payable.

Results are compared in the table—the profit before tax, is after provision for unearned profit on IIP debtors.

Six months 1971 1970

Profit £255,200 £153,100

Estimated tax 102,100 88,300

Profit dividend 11,000 11,000

Net earnings on Ord. £142,000 £53,800

Combined English Stores has been a market favourite this year with the shares rising up from a low of 38½p to a peak of 53½p last night. The sharp jump in profits of the last 18 months explains this re-rating with the reorganisation programme now virtually complete. Thus the number of department stores has been reduced from 37 to 14 and all these remaining units are trading well. At the same time the special shops group has been expanded with particular attention to carpets and household textiles which now have about 30 branches each. Overall 20 or more stores, in addition to the existing 354, should be opened in the next 12 months. In 1971-72 the pre-tax profit should be in the region of £3m, giving earnings of 10p per share and a 16½ prospective p/e, which is clearly counting on a continuation of the recent growth rate.

Statement Page 29

Longbourne holds 30%

AS forecast, a maintained final dividend of 25 per cent by Longbourne Holdings holds the total at 30 per cent for 1970.

The expected rise in group profit turns out to be from £1,106,764 to £1,735,448 at the pre-tax level.

1970 1969

Trading profit £1,657,517 £886,696

Interest received 45,519 45,706

Investment income 67,130 67,130

Surplus 17,969 4,610

Total £1,830,135 £1,004,142

Excess duty rebates 41,737 7,338

Adjustments 1,755,496 1,004,142

Profit £1,830,135 £1,004,142

Taxation 1,053,921 589,507

Transitional relief 42,437 43,330

Attributable £733,777 £371,305

Preference dividend 18,250 18,250

Ordinary dividend 61,352 61,352

Proposed final 316,734 316,734

Retained 1,053,921 1,004,142

After charging depreciation £1,053,921

(£1,053,921) Short term interest 231,072

(£1,053,921) On realisation of fixed assets

Shareholders were told last

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Advance Electronics	28	5	Harrison & Sons	26	4
Amalgamated Transport	26	5	Hope (Thomas)	28	3
Bluestone and Elvin	28	5	Intnl. Life	27	1
Brazilian Claims	28	6	Jenkin & Purser	28	4
Clifford (Charles)	26	5	Kingsley & Keith	26	4
Combined English	26	1	Longbourne	26	1
Crosfields & Calthrop	26	1	Miln Marsters	26	5
Danish Bacon	26	4	Provident Clothing	27	1
Ditchburns	26	2	Raffi International	27	1
Elder Smith	26	2	Sterling Industries	26	6
Fitch Lovell	28	4	Transport Devt.	28	1
Goldman (H.)	26	3	Turner (Ray)	28	2
Halwins	26	2	Waller & Hartley	26	13

June, with the indicated increase in profit for 1970, that it was not possible to make any forecast for 1971 having regard to the almost certain reduced crop with inevitable increase in unit cost.

Report and accounts will be posted September 10.

Ditchburns ahead—5% interim

A GROUP pre-tax profit up from £48,000 to £67,000 is reported by Ditchburns for the half-year to June 30, 1971, and directors expect a similar result for the second half.

The interim dividend is effectively raised from 4.16 per cent to 5 per cent. Last year's total was an equivalent 9.16 per cent, paid on a pre-tax figure of £119,604.

The group trades as furniture manufacturers, upholsterers, etc.

Halwins' progress: scrip issue

INCREASED PROFITS, a higher dividend, as forecast, and a one-for-one scrip issue to holders registered on September 27 are announced by the clothing mail order concern, Halwins.

Pre-tax profit for the six months ended June 30, 1971, amounted to £81,354 giving a p/e of 12.5. The group's total of £342,193, compared with £226,080 for the previous year.

Bearing in mind the adverse effect of the long postal strike during the final six-month periods the directors say they are satisfied with the results. They have no doubt that, but for the strike, profits for the final six months would have exceeded those of the previous six months.

They add that they are confident of the outlook for the current year.

The final dividend is 30 per cent, the minimum forecast making 80 per cent for the 16 months—equal to an annual rate of 80 per cent, compared with 55 per cent for the year to February 28, 1970.

1970 1969

Turnover £1,141,325 £1,114,325

Gross profit £321,135 £321,135

Net profit £216,020 £216,020

Dividends £53,675 £53,675

Forward £53,675 £53,675

Forward £53,675 £53,675

Forward £53,675 £53,675

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Crosfields & Calthrop expects 8%

MANUFACTURERS OF animal feeds, Crosfields & Calthrop, expects to double its dividend to 8 per cent for the current year. The interim payment is stepped up from 2 to 3 per cent.

First half pre-tax profit expanded to £163,000 against a forecast of at least £150,000 and compared with £53,000 for the corresponding period a year earlier.

And the chairman, Mr. E. B. Stevenson, is confident that the £350,000 forecast for the year (against £197,000 for the year to January 2, 1971) will be achieved.

The number of barbed chicken shops increased from 37 to 61 during the half year, including the 21 shops acquired in August with the investment in 50.5 per cent of Barbed Chickens (Holdings).

Mr. Stevenson says trading prospects currently appear bright.

Half-year Year

1971 1970 1969

External sales £700,000 £700,000

Trading profit £163,000 £163,000

Depreciation £118,118 £118,118

Profit £44,882 £44,882

Net profit £110,664 £110,664

Minorities £4,212 £4,212

After absorbing losses due to fowl

post 1 losses.

comment

With pre-tax profits 9 per cent up on forecast at the half-way stage, the company's trading looks well on the way to achieving its 1971-72 projection.

The acquisition of 50.4 per cent of Barbed Chickens (Holdings) and the directors consider second half results will be "not less" than those for the first.

The interim dividend is unchanged at 7.1 per cent. Previous year's total was 7.1 per cent.

After tax of £37,712 (£35,865) first half net profit was £56,569 compared with £42,561 for the same period last year.

The group trades as distributors of hardware and allied goods.

comment

A turnover rise of 56 per cent at H. Goldman Group for the year to October 31, 1971.

The first half balance has advanced from £78,446 to £94,251 and the directors consider second half results will be "not less" than those for the first.

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre. Total for year	Total last year
Advance Electronics Int. T. F. and J. H. Baines	5	Sept 30	5	15
Charles Clifford	5	Oct 1	5	12
Combined English	7	Nov 5	7	16
Danish Bacon	4	Dec 1	4	8
Ditchburns	5	Oct 15	5	10
Elder Smith Goldsbrough	5	Nov 8	5	10
Harrison & Sons	8	Oct 21	8	27
Hope (Thomas)	28	Oct 23	28	17
Intnl. Life	27	Oct 6	27	10
Jenkin & Purser	28	Oct 6	28	30
Kingsley & Keith	26	Oct 23	26	16
Longbourne	26	Oct 23	26	16
Miln Marsters	26	Nov 5	26	50
Provident Clothing	27	Oct 23	27	15
Raffi International	27	Oct 23	27	15
Sterling Industries	26	Nov 5	26	183
Transport Devt.	28	Oct 23	28	15
Turner (Ray)	28	Sept 30	28	15
Waller & Hartley	26	Sept 30	26	15

(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) For 16 months. (d) Total of 8 per cent is forecast. (e) For 13 months. (f) Maintained total indicated. (g) As forecast. (h) Partly to reduce disparity.

* Equivalent after allowing for security issues. † Amount per share.

ing operations in the chemical field very successfully. It has disengaged from unattractive principals, weeded out unprofitable lines and tightened up its financial control. Kingsley and Keith is now one of the largest British chemical merchants independent of a major industrial group.

Meeting, Croydon, September 30, noon.

Charles Clifford upturn

GIVEN a reasonable order book for the first half of 1971, Sir Nicholas Cayzer, is satisfied that management is capable of turning to good account the additional facilities made available which are reflected by an increase in fixed assets, including tools, over the past three years from £583,000 to £820,000.

As reported on August 10, profit, after tax, for the year to March 31, 1971, amounted to £107,300 and franked investment income from Crewekerne Investments which again showed a small increase, to £91,400, giving a total of £198,700 (£168,700). The dividend is 27½ per cent (25 per cent).

In making any assessment of future prospects, Sir Nicholas says it is necessary to take into account the change which would arise in the capital structure as a result of the exercise of the option available to the Cayzer Trust (the controlling company) to subscribe on or before December 31, 1971, for 8m. Ordinary shares at 3.125p per share and to relate the profit estimate to the revised capital.

Total cost of current Preference dividend and an Ordinary dividend of 12 per cent, recommended on the enlarged capital would amount to £165,500 of which the contribution of franked income from Crewekerne may be expected to produce about £100,000 leaving some £65,000 to be found from other sources.

If this figure is grossed up at 40 per cent to cover corporation tax, the requirement becomes about £105,000. Having regard to the results achieved in recent years, the chairman says such a figure would appear to be well within group capacity but, although profits to date are running ahead of the profits for the corresponding period of last year, he expresses a word of caution "for the order book has shortened and, obviously, a continuation of this trend will have an adverse effect on profits."

Meeting, 2 and 4, St. Mary Axe, E.C., September 30 at 2.30 p.m.

comment

A 33 per cent slump in Charles Clifford's first half trading profits should in theory come as a shock, but the writing was on the wall in the latter period of last year—profits of 35 per cent—so the blow to a certain extent has been cushioned. At the pre-tax level the picture is somewhat brighter thanks to a £130,000 turnaround in profits on metals.

There should be further savings here during the second half since copper prices, although still low, have shown little change. But with no improvement in the current pattern on the trading side, CC needs everything it can squeeze out of metal profits. In view of the rather depressed state of the trading activities a historic p/e of 18½ at 127½ could be over-optimistic about a recovery in copper prices.

Statement Page 26

Miln Marsters tops both forecasts

A FINAL dividend raised from 10 per cent to 10½ per cent by Miln Marsters Group steps up the total from 12½ per cent to 16 per cent for the year ended May 31, 1971. A final slightly in excess of 64 per cent had been expected.

After a loss of £14,500 (£3,498) at half-way, group pre-tax profit for the year is up from £213,499 to £238,246, against the forecast of £265,000.

Chairman, Mr. G. E. P. Pollitzer says, "The reason why the higher dividend rate 'should not be at least be maintainable' for the current year."

The company is now soundly based both financially and administratively and the way should be clear for further growth, he adds. Principal activities are the sale of agricultural seeds and breeding of new varieties of crop plants.

1970-71 1969-70

Profit £238,246 £213,499

Tax 111,628 97,993

Net profit 126,618 115,506

After tax 126,618 115,506

Net assets 963,576 882,054

comment

Allisons was taken over by ATS in January, 1969, at a time when a receiver had already been appointed to Allisons' English interests. Although it was thought Allisons had been taken over on a profitable basis, Mr. H. Hodgson, chairman of ATS, disclosed in December, 1970, that accounts which supported Allisons' interim figures at that time were "unreliable."

Then, at the ATS annual meeting at the end of December, Mr. Hodgson revealed that there had been no investigation of Allisons' affairs until after the acquisition. He had subsequently transpired that rather than an expected loss of £100,000 in the year to April, 1969, Allisons' deficit had been £100,000.

Spinks was taken over by ATS in February, 1968, and was consistently profitable up to 1969-70. No explanation of the present position of either Allisons or Spinks was given by ATS in its statement yesterday, although the Board said a further statement would be issued as soon as it was possible to assess the position in greater detail.

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ISSUE NEWS

Guinness £15m. unsecured loan

Baring Brothers and Co. and The City and County Bank have announced that they have agreed to place £15m. 10 per cent. unsecured loan stock, 1993-98, of introduction of Packshaw Associates, Pender and B. Guinness Son and Co. at 22½p.

The stock is payable as to £25 per cent. on September 10, 1972, the balance on January 7, 1972. Interest is payable half-yearly with a first payment of £1.75 per cent. on February 11, 1972. Income cover on estimated pre-tax profits of £18.4

Ralli Int. first half growth

FIRST HALF pre-tax profits of the Ralli International group rose from £1,245,000 to £2,207,000, with the 1970 balance attributable to Ordinary holders rising from £642,000 to £1,172,000. Chairman Mr. Malcolm Ralli says he has every expectation that this will go on during the remainder of the year.

All sections of the group are moving strongly forward, and at this stage in the financial year it has no doubt about the success of its operations. The group's position is strong and it is in an excellent position to take advantage of the opportunities which are continually arising.

Earnings are shown to have gone up from 2.2p to 4.2p per 10p ordinary share on increased capital. Earnings for all 1970 were 7.0p.

The interim dividend is held at 4.5p per share, the total for 1970 being 5.0p per share.

Mr. Ralli also discloses that planning permission has now been obtained on the London site for a property referred to in the 1970 report and account. Directors are negotiating to dispose of this property for a figure slightly in excess of the valuation of £2m.

See Lex

Provident profit rise forecast

CURRENT YEAR profit in excess of the £2,583,532, achieved for 1970 is confidently forecast by the Provident Clothing and Supply Company.

The interim dividend is lifted from 8d to 10d per cent, partly reflecting an adjustment to bring the interim more into line with final dividends. The total for 1970 was 12.5p per cent.

First half group profit increased from £1,438,000 to £1,645,000. After estimated tax of £588,000 (£513,000), the net profit advanced £257,000 from £233,000. Cost of the interim payment is £490,000 (£413,130).

The profit figures do not include dividends.

The second half is traditionally the more important trading period, and, to date, is showing continued satisfactory progress, the directors state.

See Lex

Intl. Life fund value

INTERNATIONAL LIFE Insurance (UK) (a subsidiary of IOS) is in interim report on the Equity Unit Account, the fund at £2.4m at June 30. The growth of the Equity Unit since April 1968, to that date was 169.2 per cent, and later figures to September 2 show the value of the fund at £2.4m and the total growth 169.2 per cent.

In his statement to policyholders, Mr. H. H. Nicholls, chairman of IOS, reveals that the company has recommended to the shareholders that they should take advantage of the company's new "assured" plan, which provides for a "detailed" disclosure of assets should become necessary. With regard to the company's assets, Mr. Nicholls states that the company has been recommended to the shareholders that they should take advantage of the company's new "assured" plan, which provides for a "detailed" disclosure of assets should become necessary.

The company has also decided to transfer its investment in the fund of Funds - Sterling (a unit trust) to the holding to be administered in the same way as the rest of the Equity Unit account. The number of outside investment advisers has been reduced to about eight, from 20, and the company is responding to investment management charges. The structure of charges has also been reduced by a new sliding scale system, which was introduced with effect from March 1, 1971.

ORIEL FOODS

Mr. D. N. Haverth, chairman of Oriel Foods, told shareholders at yesterday's annual meeting that it was expected the group would make a profit in the first half of the year. He said that the group had made a profit of £1,172,000 in the second half, a substantial recovery was envisaged.

The result should be that Oriel had fully recovered from last year's and would produce correspondingly satisfactory profits.

Meeting Page 13

RECENT ISSUES

EQUITIES

COMMON STOCK		WTR		STOCK	
1971	1970	1971	1970	1971	1970
1971	1970	1971	1970	1971	1970
5	P.P.	5/1	22	70	Allied Poly
6	P.P.	5/1	21	69	Dev & Comm
7	P.P.	5/1	20	68	Gen. Elec
8	P.P.	5/1	19	67	Gen. Elec
9	P.P.	5/1	18	66	Gen. Elec
10	P.P.	5/1	17	65	Gen. Elec
11	P.P.	5/1	16	64	Gen. Elec
12	P.P.	5/1	15	63	Gen. Elec
13	P.P.	5/1	14	62	Gen. Elec
14	P.P.	5/1	13	61	Gen. Elec
15	P.P.	5/1	12	60	Gen. Elec
16	P.P.	5/1	11	59	Gen. Elec
17	P.P.	5/1	10	58	Gen. Elec
18	P.P.	5/1	9	57	Gen. Elec
19	P.P.	5/1	8	56	Gen. Elec
20	P.P.	5/1	7	55	Gen. Elec
21	P.P.	5/1	6	54	Gen. Elec
22	P.P.	5/1	5	53	Gen. Elec
23	P.P.	5/1	4	52	Gen. Elec
24	P.P.	5/1	3	51	Gen. Elec
25	P.P.	5/1	2	50	Gen. Elec
26	P.P.	5/1	1	49	Gen. Elec
27	P.P.	5/1	0	48	Gen. Elec

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Threat of short time at Mannesmann steel mill

BY CHRISTOPHER LORENZ

FRANKFURT, Sept. 7.

MANNESMANN, the West German steel and engineering group, may put 1,000 of the 10,000 workers at its Duisburg steel mill on indefinite short-time in about two weeks' time.

The decision, which is not yet definite, was taken because of a marked fall in order for small trawled pipes, the company said.

Last week Mannesmann reported that its profits were under heavy pressure from increased competition and that group turnover was up by only one per cent on the first half of 1970. It added that crude steel production fell 15 per cent and that there was a 5 per cent fall in the output of tubes. It has now said that it has had to cut the output of crude iron, crude steel and material for pipes.

Mannesmann is the second major steel company in just over a month to announce short-time.

Frederich Krupp Huettenwerke said five weeks ago that it was putting 870 of its workers on extremely short hours from the beginning of this month for at least three months. Since then it has emerged that Klockner Werke will dismiss 180 of its workers in three weeks' time.

The company's move reflects a market downturn in orders for

the industry as a whole. Most of the major concerns have not been working overtime for many months, and they have ceased to employ new employees.

Klockner is reducing its daily work load from three shifts to two. In the first seven months of the year West German crude steel production was 24.8m. tons, a fall of 9.3 per cent on the same period last year.

Lightning strike at Fiat despite August pay deal

BY OUR OWN CORRESPONDENT

TURIN, Sept. 7.

A LIGHTNING strike by 35 workers in a paint spraying shop at the giant Fiat Mirafiori works has caused production of Fiat 124 and 125 saloon models to halt, as 1,800 assembly line workers were sent home.

This is the first serious strike to take place at Fiat since the return from the summer holidays two weeks ago. To-day, however, work returned to normal while labour unions and management sought to solve the dispute. This broke out over interpretation of the down time provision of the new labour contract signed on August 5 on the eve of the summer holidays.

Both Fiat and the official unions are believed to be anxious to maintain uninterrupted work schedules at a time when the slowdown in the domestic economy, and uncertain export prospects following the monetary crisis and the U.S. import surcharge, are clouding the economic horizon.

The domestic slowdown is taking on increasingly worrying proportions, with many factories now working short time, while unemployment is growing. Short time working has now extended to the Piorelli group, where five Italian plants are now on short time as a result of growing stocks and sluggish demand.

advise holders of its Fls.7m. of Common shares not to accept last week's Thyssen-Bornemisze 400 per cent bid.

LANDIS AND GYR, the Swiss electrical engineering group, and its Swedish affiliate Billman Regulator, are to take over the activities of the Comfort Control Ltd. of London, which is owned by Carlo Gavazzi of Milan. The Billman and Landi and Gyr concerns will thus expand their activities in the air conditioning sector, says a spokesman, while the Swiss concern took over Billman last June.

PAKHOD HOLDING, Dutch warehousemen and stevedores, still expect an increase in net profit of between 15-20 per cent for 1971 as a whole. During the first-half of this year profit after tax rose by 22 per cent to Fl.7.23m. (€840,000).

SOCIETE TRACTION ET ELECTRICITE, of Belgium, and Cie Pechiney, plan to build a B.F.1,000m. plant for production of graphite electrodes. The equally-owned plant, which will be Pechiney's process, is expected to start operation by 1973. Its initial capacity will be 150,000 electrodes yearly. It will be set up at Clermont-Sous-Huy, near Liege, Belgium.

WILKINSON has been established in Uster, Switzerland, with a capital of Sw.Frs.50,000 for marketing, technical consultancy and holding services for the American industrial products concern, Wilkerson Corporation, of Englewood, Colorado.

HAYES-DANA, subsidiary of Dana Corporation, of the U.S., announced it will proceed immediately with a multi-million dollar expansion programme to double its capacity to produce motor car frames at its plant at Thorold, Ontario. It has six other plants in Ontario manufacturing automotive parts. Full production after the expansion will bring the company within reach of its target sales of \$200m. a year for the mid-1970s.

MTS INTERNATIONAL SERVICES, of Toronto, has agreed to purchase for an undisclosed cash price all the shares of Eurodyne Consultants, of London, which operates a technical personnel service business in Britain and Europe. MTS also has acquired a 51 per cent interest in Universal Computer Services, of London, which operates a computer service business in the U.K. and Europe.

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L'Air Liquide and AGA in Benelux venture

BY JANE BERGEOV

PARIS, Sept. 7.

L'AIR LIQUIDE to-day announced a new partnership in the field of industrial gases with the Swedish AGA group, which will lead to a series of joint ventures in Holland, Belgium and Luxembourg.

The two groups have agreed to co-operate in the Benelux area, as well as in other parts of Europe, to develop a complementary network in Europe, where the French subsidiary, Deutsch L'Air Liquide, will become an AGA subsidiary.

The joint ventures will provide L'Air Liquide with a useful network in Europe, where the French subsidiary, Deutsch L'Air Liquide, will become an AGA subsidiary.

The arrangement will enable both groups to streamline production distribution and research on industrial gases, although their current on-site tonnage oxygen plants, as well as ancillary pipeline networks, will remain independent of the deal.

The first action to be taken by AGA will be the launching of a public offer to buy remaining minority shares in its Belgian affiliate SOGAZ. Following this L'Air Liquide will acquire a 50 per cent financial stake in AGA's West German subsidiary, AGA Gas, of Hamburg, while the French subsidiary, Deutsch L'Air Liquide, will become an AGA subsidiary.

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INVESTMENT IN INDIA

Toshiba's toe in the water

BY STUART DALBY

THE SOUTH Indian State of Kerala would probably not be a business man's first choice for investment in India. Obtaining an industrial licence for everything but the smallest investment can often be a tortuous experience, particularly if foreign exchange for imported raw materials is involved. Kerala has more trade unions than any other State, apart from Bengal, and has one of the worst strike records in the whole of India.

Some idea of the frequency of strikes is given by a recent Government publication, which states that 844 disputes were settled between November, 1970, and April, 1971. There are few towns of any size in the State, and no industrial infrastructure. Any investment by a foreign company must be as a minority stake.

Finally, for the past few years Kerala has been governed by a coalition government dominated by the Communists of various shades, bent on nationalising the State's largest existing foreign investment, the Sterling plantation companies.

Against these factors even Kerala's attractions are hardly attractive, although, unlike neighbouring Ceylon, there is no control on remitting dividends, and it can be brought to heel, there is also a well-educated and relatively cheap labour force. And, of course, the potential market in India is vast.

One company which is proving that, despite the hostile climate, if the product is right a profit can be turned, and quickly, is the Japanese electrical giant, Toshiba.

Four years ago Toshiba set up a factory in Cochin, in conjunction with a local entrepreneur, Mr. C. L. Anand, to manufacture lights and bulbs. The venture was the outgrowth of previous collaborations between the two partners on a project to make water meters, but in that instance

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Toshiba's involvement was limited to technical assistance. The initial impetus for the lights and bulbs factory came from the Kerala State Industrial Development Corporation (KSIDC), which had obtained a licence from the central government for various projects. The even the smallest concerns of KSIDC contacted Mr. Anand, who came in loans from the Bank of India. A joint company, Toshiba Anand, was set up and capitalised at Rs.10m. Of this, Rs.900,000 came in loans from the Bank of India. The Industrial Development Bank of India (IDBI). The Rs.10m. was raised as share capital, 30 per cent of it. Preference, and of the remaining equity Toshiba subscribed 48 per cent, some of it set against plant and machinery, while Mr. Anand owns 15 per cent of the company.

Toshiba is now planning a new Toshiba Anand venture, to manufacture batteries. A licence, already been obtained, and the while demand for lights and bulbs is growing rapidly. Mr. Anand says that T.A. is having trouble keeping up with demand. Profits for the first quarter of the current year have increased, although given the company's performance, the share price is disappointing. Issued at Rs.100, the share is now at Rs.115, and has risen to Rs.145, more than tripled to Rs.145,000 from Rs.44,000 the previous year. Because of investment rebates, for market, the current year will be the first full year of taxation, even if the full rate of 50 per cent is paid, the expectation is that dividend, probably 10 per cent, will be well covered.

Since turnover improved by only 14 per cent to Rs.18.3m., the dramatic leap in profits comes from improved margins. In part, this reflects Toshiba Anand's fuller use of capacity. In its first full-year the plant worked at only 85 per cent capacity. But, chiefly, it is due to two factors: a reduction of bought-in components and the absence of labour troubles.

In line with a general Government edict, bought-in components from abroad have been reduced from 35 per cent three years ago to 10 per cent in the past financial year, and the hope is that the company will be able to produce its own components for the next couple of years or so.

The absence of labour troubles is probably more important in the

Isuzu-GM link-up pact

TOKYO, Sept. 7. THE JAPANESE Government formally authorised a link-up agreement between Isuzu Motors Company and the General Motors Corporation, the second Japanese-U.S. joint venture for car production following a similar agreement between Chrysler and Mitsubishi June.

Isuzu Motors, which has a 51 per cent stake in Isuzu-GM, is the second Japanese-U.S. joint venture for car production following a similar agreement between Chrysler and Mitsubishi June.

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IN BRIEF

Europe

ANIC, a subsidiary of Ente Nazionale Idrocarburi (ENI), Italy's State hydrocarbons concern, will start production of a new brand of resins under Japanese licence. New brand methymethylacrylate-butadiene-styrol, and will be used for manufacturing containers in the Anic plants in Ravenna. Supplier of the "know-how" for the new fibres is Japan Synthetic Rubber Company.

Cie Generale de Construcciones Telefonicas (CGCT) has been awarded Fr.35m. contract by Industria de Telecomunicaciones de Mexico. Contract involves supply of telephone equipment for use in the construction of 107 crossbar "Pentacenta" automatic telephone centres for Telefonos de Mexico (TELMEX). CGCT is a subsidiary of the U.S. International Telephone and Telegraph Corp.

CREDIT FONCIER DE FRANCE's Fr.900m. 8 1/2 per cent bond loan floated on the domestic market was issued at par and will run for 20 years. Demand was strong for the Frs.500 bonds and the loan was fully subscribed.

JONGEEN N.V., timber trading company, has been established in Uster, Switzerland, with a capital of Sw.Frs.50,000 for marketing, technical consultancy and

holding services for the American industrial products concern, Wilkerson Corporation, of Englewood, Colorado.

HAYES-DANA, subsidiary of Dana Corporation, of the U.S., announced it will proceed immediately with a multi-million dollar expansion programme to double its capacity to produce motor car frames at its plant at Thorold, Ontario. It has six other plants in Ontario manufacturing automotive parts. Full production after the expansion will bring the company within reach of its target sales of \$200m. a year for the mid-1970s.

MTS INTERNATIONAL SERVICES, of Toronto, has agreed to purchase for an undisclosed cash price all the shares of Eurodyne Consultants, of London, which operates a technical personnel service business in Britain and Europe. MTS also has acquired a 51 per cent interest in Universal Computer Services, of London, which operates a computer service business in the U.K. and Europe.

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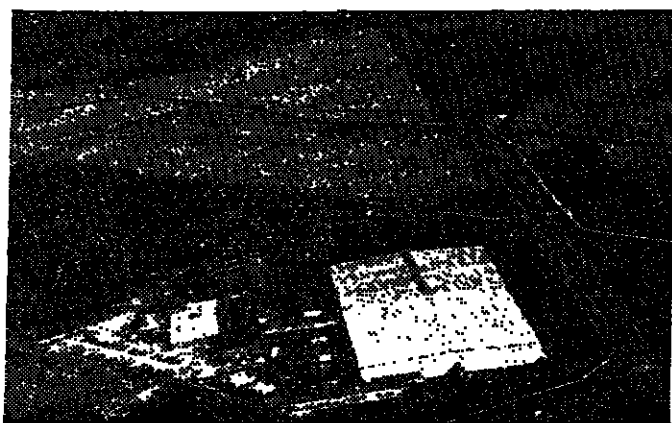
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In Five Years there will be a Food Town here



Yes, on the 35 acre site adjoining this 9 acre complex of cold stores, refrigerated transport depot and freezing and processing facilities operated at King's Lynn by Frigoscandia Limited, Europe's largest public cold store operators.

That's because Frigoscandia understand Food Towns—they've successfully developed them in Sweden and Eire. The concept is simple: the food processor sites his plant near a large public cold store and uses its central services. The advantages are considerable: savings in capital investment and running cost.

Frigoscandia are also developing sites at Liverpool, Doncaster and Stratford, East London.

If you want to know more about the Food Town at King's Lynn contact:-

Alan Oakes,
Manager,
Frigoscandia Limited,
Scania Way,
KING'S LYNN,
Norfolk.
Tel. King's Lynn 5111



KING'S LYNN

Old and new in East Anglia

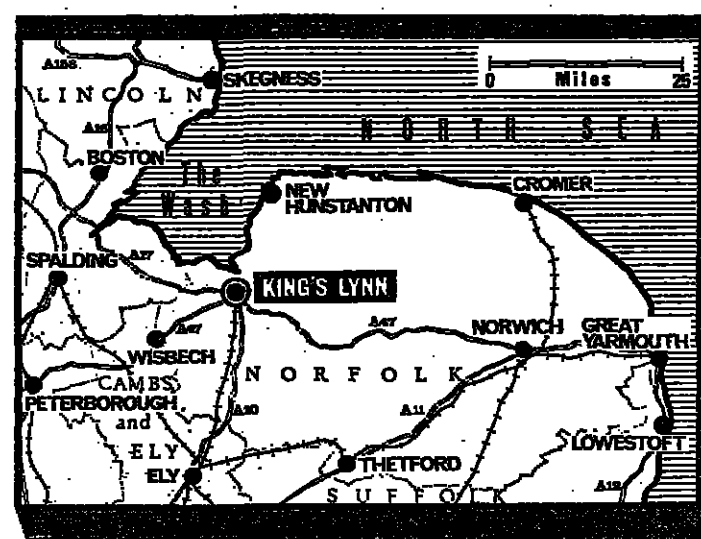
By JOE RENNISON

Publicity, planning, population policy, or to be quite honest, progress, are not the sort of words usually associated with the further reaches of East Anglia. Perhaps we do not even want to think that an area such as this suffers from the same stresses and strains as more built-up and industrialised parts of the country. We build up a mental picture of a country idyll where the population is contented with their humble lot and whose only legitimate interest is to preserve their pretty towns and villages for the rest of us to retire to.

But it is not so. The people of East Anglia have the same ambitions and wants as the rest of us and are setting about achieving them in much the same way—although on a smaller scale—as the inhabitants of the conurbations. New jobs, new houses, new shops and entertainments and a higher income are the general aim. King's Lynn is a good example of how they are going about it and a good example of how to blend the old and the new without destroying an identity that is well worth keeping.

Forced change

Why change what would seem to be a stable and well-integrated community and hustle it into the world of town expansion, industrial development, shopping centres, and amenities. Consequently



decision was virtually forced upon the townsfolk by the changing pattern of employment in the area. Ten years ago King's Lynn was a moderately prosperous, somewhat sleepy market town whose industries (apart from the port) were based on agriculture—fertilisers, sugar beet, agricultural machinery and canning.

But it was virtually stagnant. And with the shakeout in the farming industry young people were beginning to drift away because of the lack of alternative employment in the district. Something had to be done if the town were not to be gradually run down in size, influence and amenities. Consequently

an agreement was reached with the GLC (then the LCC) to become, to the mutual advantage of both authorities, an expanding town to take off surplus population and jobs from the metropolis.

The agreement was signed in 1963 and under it King's Lynn agreed to provide 3,500 homes for Londoners and the two authorities would co-operate in attracting the necessary industry and business to support the expanding population. At the time of the agreement the population of the town stood at around 25,000. Even before the agreement expansion had been heralded by the arrival of a major food manufacturer but in

fact things were rather slow to get off the ground thereafter.

Real expansion and growth did not begin until 1968. Since then the town has managed to attract 50 new firms and around 5,000 new jobs. Not all of these have been filled by newcomers—local unemployed have taken up much of the slack. Some 1,300 of the promised 3,500 homes have been completed and it is estimated that between 5,000-6,000 people have moved into the town. It is impossible to calculate the number accurately since many of the newcomers are living outside the town boundaries. Housing in the area is cheap and some of the surrounding villages are being developed as outlying dormitories.

Fairly impressive

Business has slowed down in the past 18 months but even so the figures are fairly impressive considering the number of new and expanding towns on the look-out for footloose industry ready to make a move. To accommodate this industry the local council is developing two industrial and two warehousing estates. Services are already about to be laid on and all the sites are within a couple of minutes' drive of the town centre.

One good reason, of course, for any manufacture coming to King's Lynn is the existence of the docks. Once one of the

leading ports in Britain the town is again building up a reputation—not this time in terms of volume but in efficiency and good labour relations. Its strategic position in relation to the countries of the EEC is almost too obvious to mention.

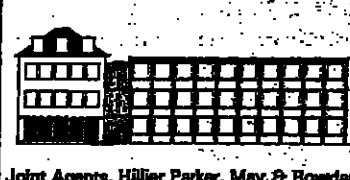
New roll-on, roll-off facilities are just one more factor to add to its attractiveness. Although the docks are a good selling point they must for the moment remain more attractive to local firms than to outsiders. Land-side communications to the town are less than satisfactory. Although King's Lynn is only 100 miles from London it seems like a thousand. The rail journey takes well over two hours and the train stops at what seems to be every village. Road links are so much more direct. Road links are so much more direct. Road links are so much more direct.

Both means of communication must eventually improve and great efforts are being made. Despite a population of 31,000 it is not surprising that the town is not a centre for a population of 170,000. It has a fine collection of the best of the old family businesses and modern multiples. On the whole, King's Lynn is a town that is well worth visiting.

For Commercial
Properties in
King's
Lynn



Lovell House
Central Office Development



Joint Agents, Hillier Parker, May & Rowden

Situated in the business centre of the town, Lovell House offers the benefit of full central heating, good natural lighting and car parking facilities. The Ground Floor Suite of 5,363 sq. ft. is fully self-contained and offers excellent accommodation for the medium sized business.

Dock Area
Extensive Industrial Property



Joint Agents, Connells

The 4-32 acre site occupies a unique position adjacent to the docks and from the proposed ring road which also serves an expanding industrial estate. The property contains 50,950 sq. ft. of industrial buildings including an office block.

Central Area Development
New shopping and office area



Joint Agents, Hillier Parker, May & Rowden

An impressive central shopping and office development with an attractive pedestrian forecourt and rooftop car park. Each unit has rear access with further parking to the rear. A number of national multiples are already in occupation.

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The Festival and the town's leisure scene

By a Correspondent

In July King's Lynn Festival celebrated its coming of age. Once again it was a highlight among the events of the year, attracting many visitors from home and abroad.

It was acclaimed at its close as the most successful yet and one feels that having established itself among the top ten in the country, it is destined for even bigger successes and recognition in the future. From comparatively small beginnings, it has grown in stature over the years and has been described by a number of world-renowned artists as being one of their favourite festivals.

Over the years the festival has grown into a "large family" through the number of artists who have come back year after year. Joyce Grenfell, Emlyn Williams, Julian Bream, the late Sir John Barbirolli and the Halle Orchestra, Peter Pears and Benjamin Britten made frequent visits. Another much-loved veteran has been Dame Sybil Thorndike.

Lynn Festival offers jazz, folk music, films, local tours and performances by local artists. Yet there are those who decry it as highbrow and of limited appeal to the masses. The organisers are alive to this criticism, and over the years have taken steps



New council houses at King's Lynn.

to broaden the festival's appeal. But one feels they should not attempt to change the character of the festival.

Similar criticism has been levelled at the Town Council on another plane. King's Lynn and its environs offer a multitude of leisure activities and escapes from the rigours of everyday life, but the critics assert that leisure and sporting pursuits have been overlooked by the town in its efforts to encourage

new industry and a larger population.

It is true, perhaps, that more could have been done to keep the expansion of playing fields and other recreational facilities more in line with the growth of the town, with its big new estates. But it is equally true that the Town Council has provided some new playing fields and that within the main clubs and organisations people of the town and district can follow almost any type of recreation. Indoor and outdoor activities are all available throughout the year, and it has been pleasing to note the growth in local leagues, such as football, darts, dominoes, cribbage, table tennis by the active membership of newcomers to the town.

Sports council

New industries have been quick to take part in these various leagues and to-day all are much stronger in membership than at any time in their history. A Sports Council has been formed with most of these organisations supporting it.

In the open air you can enjoy sailing, be it on enclosed waterways, a tidal river or the sea; golf and horse riding; rugby, soccer, rifle and pistol shooting. And if down to earth pursuits such as these are not appealing, there is a flying club nearby which has an ever-open door for new recruits anxious to acquire the skills of piloting. King's Lynn is the home of British Speedway League Division I team, the Stars, who regularly

attract thousands of supporters.

One major disappointment to a great many people has been the delay in building an indoor swimming pool. Finance is the big drawback these days, but the Council went some way to appease swimmers this year by improving and heating the old outdoor pool in the heart of Lynn's magnificent parkland. The Walks, so named because of its fine avenues of trees.

With open areas and miles of marshland nearby, there is ample scope for wildfowling, and the rivers and sea around King's Lynn offer some of the finest fishing to be found anywhere. Anglers come from miles around, and particularly from the Midlands and North Midlands for coarse fishing, while in the Wash there are flourishing top fishing clubs and a number of sea-angling clubs.

Perhaps you prefer chess or bridge. If so, Lynn has clubs to cater for you. Or perhaps none of these things appeal. You like leisure as opposed to activity? Then King's Lynn and West Norfolk has an abundance of beautiful countryside and coastline where families can get away from it all.

Sandringham is a magnet to visitors, while elsewhere one can find within very short distance, peace and solitude in the open countryside or nearby pine forests. It is said you cannot please all the people all the time, but Lynn and King's Lynn district goes a long way to pleasing all the people most of the time.

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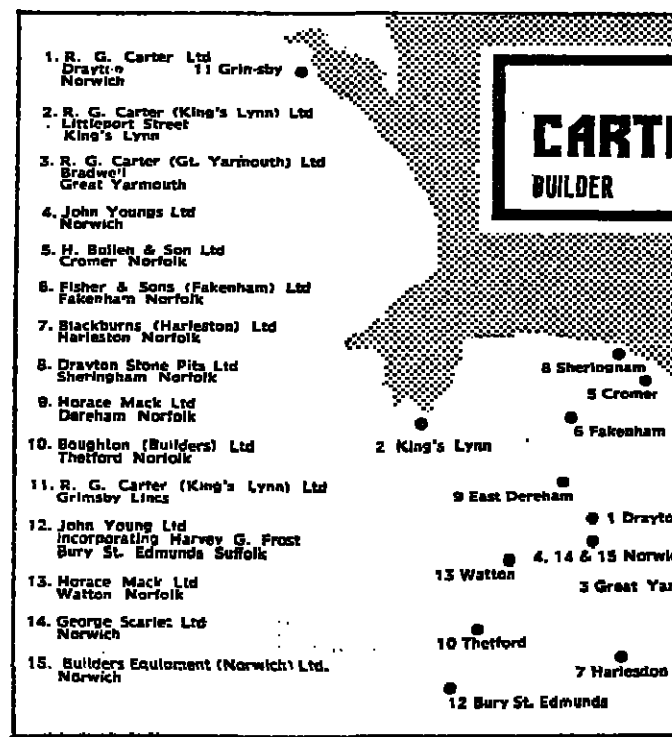
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مكنا من النحل

Up another 3.7—volume 3m. higher

BY OUR WALL STREET CORRESPONDENT

THE RECENT ADVANCE made further headway on Wall Street today, when prices moved higher after closing below the best, following a recharge of investor confidence in the nation's economic outlook.

After holding a 7-point gain to around 920 up to the last hour of trading, the market was subjected to some late profit-taking and the Dow Jones Industrial Average finished 3.72 up at 916.47. The NYSE All Common Index rose 28 cents to 53.94, while gains led losses by 382-478, after a day when three-to-one majority.

Trading volume sharply expanded by 3.4m. shares to 170.8m. To-day's upward trend was fuelled by an Administration spokesman's statement that the Excess Profit Tax was not being considered. Some expectation that President Nixon's address to joint session of Congress on Thursday will further enhance his new economic policy and its impact on investors, plus traditional post-Labor Day rally sentiment were also factors.

Analysts generally viewed the profit taking as a technically healthy sign, and said the list was absorbing the selling very well.

Among Blue Chips, Dupont closed \$1 up at \$160.47, after \$157. Standard Oil of New Jersey rose \$1 at \$72.3, after \$71. Westinghouse rose \$1 to \$95, International Harvester \$1 to \$39.4, Woolworth \$1 to \$51.1 and Eastman Kodak \$1 to \$55.1.

General Electric slipped \$1 to \$64.7, Sears \$1 to \$93.1 and U.S. Steel \$1 to \$32.1. Motors bore the brunt of the late profit taking. Chrysler lost \$1 to \$31.1, and American Motors shed \$1 to \$8. Heavily traded Ford closed up \$1 at \$71.

Airlines were among the most active issues and felt the effects of late profit-taking. Delta featured with \$1 advance to \$45.1. American put on \$1 to \$33.1 and Eastern edged up \$1 to \$21.1. Northwest Airlines lost \$1 to \$27.1. National improved \$1 to \$27.1, following their merger announcement after Friday's close.

Oils fell back after a strong performance early in the day. Ameread rose \$1 to \$10.1. Shell lost \$1 to \$11.1. Retailers were mixed. W. T. Grant was lifted \$1 to \$66.1, after reporting August sales 63 per cent higher, and seven months sales up 10.15 per cent. Sears lost \$1 to \$93.1 but J. C. Penney rose \$1 to \$72.1.

P. and M. Schaeffer gave away \$1 to \$21.1, due to large institutional block overhanging the market.

Gold issues lost ground. Dornier Mines declined \$1 to \$64.1, and Campbell Red Lake eased \$1 to \$31.1.

The American SE was firm and the index closed 11 cents higher

at \$25.63 in a volume of 4.76m. (4.27m.) shares. The biggest gain among the active issues was posted by AMRSP, which advanced \$1 to \$24.1.

Commerzbank eased DM 2.1. Kalkchemie rose in "secondary" chemicals, while Lufthansa gained DM 2.1. Metallgesellschaft dropped another DM 10.1, Glanzstoff fell DM 5.1 and NSU declined DM 2.1. Casella also lost ground.

Bonds were firmer, except for slightly easier Foreign Market issues.

PARIS—Irregular trend. Banque d'Indochine fell Frs. 4.3, Roussel-Uclaf declined in chemicals, but Citroën and Peugeot each rose Frs. 1.0. Michelin fell Frs. 1.0. Aquitaine advanced Frs. 2.0, reflecting higher first-half year consolidated profits.

Loreal was lifted Frs. 30, while Generale des Eaux were better as were Elf and Valfleur. Germans eased, Dutch issues were slightly lower. Belgians were unchanged. U.S. stocks were little changed.

BRUSSELS—Market was barely changed after a slightly lower opening. Petrofina rose Frs. 30, while ex-Congolese stocks held steady. Sofina advanced Frs. 100.

STOCKHOLM—Sagging tendency. SWITZERLAND—Markets were slightly firmer, with most industrial shares showing modest rises. Sandos rose Frs. 45 and Ciba Geigy Bearer further improved Frs. 25. The recently firm Roco declined.

AMSTERDAM—Shipments and Plantations were quietly mixed, while the local industrial sector continued its easier trend in quiet dealings. Oceana Griften shed Frs. 2.1, as did Gistbroeks and Heineken lost Frs. 2.

MILAN—Generally easier. Leading Industrials led the decline with Fiat of Lire 7 to Lire 2.78, Montedison down Lire 3.25 to Lire 66.50, Olivetti shed Lire 39 to Lire 1,000. Short-term insurance was mixed, while Banks were firmer.

Bastogi gained Lire 13 to Lire 1,774, but Italtel shed Lire 20 to Lire 2,350.

Bonds were firm. OSLO—Banks were well maintained, while Insurance, Industrial and Shipping were all easier.

VIENNA—Irregular trend. COPENHAGEN—Most sectors easier.

JOHANNESBURG—Golds were better, while most industrial shares showed modest rises. Anglo American rose 1/2 pence to 10s 10d, while Anglovaal rose 1/2 pence to 10s 10d.

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Bank Rate 5% (Sept. 2, 1971) 5 per cent, and in some part by buying local authority and commercial bills from the houses. A resistance in places to bidding for Treasury bills was overcome by the assistance of the market, which was described as "very large indeed" mainly by buying Treasury bills market's favour. Foreign exchange settlements, however, were not in fair part by lending to houses overnight at Bank Rate of 5 per cent.

Credit was in short supply, once more, in the Discount market, and the authorities were forced to intervene on all currency and gold accounts were against the night loans were at 5-5 1/2 per cent for a good part, but fell away from banks and Discount houses, change settlements, however, were not in fair part by lending to houses overnight at Bank Rate of 5 per cent.

Local authorities seven-day notes, other seven-day bills, three-year 7-1/2 per cent, four-year 7-1/2 per cent, five-year 7-1/2 per cent, six-year 7-1/2 per cent, seven-year 7-1/2 per cent, eight-year 7-1/2 per cent, nine-year 7-1/2 per cent, ten-year 7-1/2 per cent.

Finance House Base Rate (quoted by the Finance House Association) 4 1/2 per cent from August 2.

EXCHANGES AND BULLION Sterling eased 10 points on balance against the U.S. dollar, in fairly quiet conditions, closing at \$2.4585-2.4590, against Monday's \$2.4585-2.4590. Short-term Euro-dollars maintained a softer tone, but forward sterling was a little weaker, with the three-month pound easing 0.18 cent to 0.85 premium, the six-month 0.11 to 0.26. The dollar was 0.114 against certain leading Continental currencies, in spite of the weakness in Euro-dollars, making the dollar place lost at \$2.4585-2.4590. In Zurich, gold ended at \$41.75, in Paris, the 12-1/2 gramme gold bar was fixed at Frs. 7,233 (equivalent to \$223.33), and the 100 gramme bar at Frs. 7,235 (equivalent to \$223.33). The one kilogramme ingot was fixed at Frs. 7,240 (equivalent to \$223.33). Turnover at the Bourse meeting

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33

33

33

250	10.27	17.21	10
224	10.108	10.169	7
p.m. 430.8 4 p.m. 431.1			
Latest Index 21-233 8024			
S.E. ACTIVITY			
	Sept '68	Sept '68	
	7		
Daily—			
t-Edged	229.3	20	
Materials	511.0	48	
Calculative	146.7	17	
als	315.6	27	
ay are—			

Supplies	210.0	19
Materials	415.0	38
Cumulative	147.7	14
	263.4	24

Ind. Ord. L7/35. Gold

Copper (90p).
 Adding 2p and 4p res

gh falls outnumber
 old shares, reflecting
 million price, losses
 5p. Buffalo (175p)

als were irreg-
s" were } easier
front of the prelimi-
ures; the increased y-
has already been
De Beers, whose i-
ults are due to-day, v-
215p. CAST, at 1-
5p. of Monday's

ers, Roan Consolidated
up at 282p following
ter profit figures. I
Cape bear cover
urchison 10p to 285p

.....	\$5.01	5.48	.....
.....	\$6.19	6.77	.....
.....	\$4.59	5.02	.....
F.....	\$512.67	15.74	.....
.....	\$4.34	4.37	.....
Sept 7 Next dealing Sept			
and Sept. 2. Next dealing			
Chroder Wagg & Co.			
Dist. E.C.G. 01-588			
mp 25	\$13.63	|	.....
vpt. 2	\$12.13	|	.....
v 30)	\$113.65	|	.....
Prosperity FD Dist.			

15. Zurich 8027, Switzerland	.....	9.85	10.77	.....	|
Vol. 1. Next dealing Sept.					
Unit Fund Ireland Ltd					
Stephen's Green, Dublin 7					
Land	57.4	60.4	.....	+0.8	.....
ers Excalibur in Cp. 9					
Royal, Luxembourg.					
g. 30	US\$	9.60	.....		.....
Friedlander Ldn. Age					
St., E.C.4				01-248	
.....	Price	845.37	.....		.....

er Tst. Mgt. (Baham
 St., S.E.1 01-407
 Fin./436 456/
 M. 2. Next dealing Sept
 er Tst. Mgt. (Jers
 St. Heller, Jersey. 0534 2
 tors.145.7 151.7.
 Subscription day Sept. 10.
 can Internl. Fund I
 46. Nassau, Bahamas.
| USD.7520| 2
 & Poor's Intl. Fds. S
 nger, Luxembourg

p.3:US88224.22 |
 Bank C.I. Ltd.
 Jersey. 0334 2556L
 192.5 96.2 |
 Subscription day Sept. 14.
 Trust Managers L
 Douglas 10M. Douglas 21
 60.4 63.9 |
 st Mgrs. (Cayman) L
 Grand Cayman, Cayman
 84.0 89.6+0.4
 5. Next sub. day Sept.
 Holdings N.Y.

Holdings N.V.
 General Co. N.V., Curaçao
 value per share Sept. 6
 S.U.S.20.0167

Managers (Bermuda) Ltd.
 Hamilton, Bermuda.
 197.0 101.0 3
 102.5 107.0 3
 \$1.51 1.37 4
 \$1.59 1.45 4
 99.0 103.0 6
 108.0 112.5 6

19 Next sub. day Sept.
of Switzerland
 Street, E.C.2. 01-588 33

.....	68.50	69.52	+0.50,	4
.....	157.00	159.90	.....	4
.....	109.00	109.00	+0.50,	4
Fr.	86.50	87.50	.....	2
Fr.	37.50	89.00	-0.50,	3
.....	156.00	199.00	+4.00	4

Growth Inv. Tst. N.
Nassau, Bahamas.
 in US\$89.97 7.19+0.15| 2

Inv. Ltd.
 its in Wales trust
 from Bank of New S
 les. 01-528 0020.

G.) Vin. Agts.

St. E.C.3	01-600	49
186.8	1868.56	+0.01
186.6	18611.68	+0.01

Net asset values.

Yield

Prosper Group

St. London. E.C.3. 588 17

25.5	24.7
96.2	101.5
16. Next dealing Sept.		
16. Next dealing Sept.		
Fnd. & Life Ass. Soc.		

Sq., Edinburgh EH2 2Y			
1216.4	220.7	.....	—
Life Assurance Co.			
West, Edinburgh EH2 2X			
10.	93.6	(.....)	—
Assurance Co. Ltd.			
Oxford Rd., Aylesbury SP			
104.0		.....	—
101.0		.....	—
Stors Life Assurance			
Mar. E.C.3.	01-438 45		
133.0	140.0	.....	—
ad. Bristol.	0272 272		

18	110.0		
18	131.8		
11	71.0	+8.2	
	106.2		
18	112.8		
Insurance Company Ltd.			
Street, E.C.4 01-236 072			
11	103.7		
	102.9		
	106.6		

NOTES
for all buying expenses
include all expenses

c Yield based on offered price. g To-day's opening bid. h Bid amount free of U.S. taxes except where otherwise indicated. i Offered price includes amount through manager's underwriting profits payment. j Offered price. k Offered price less agent's commission. l Single premium insurance. m Split. n Net of tax. o Not authorized by trade. p Guernsey yield.

e: exchange rate diff

After the previous day's rise of 15p on the interim results and proposed scrip issue, Lancaster shares met profit-taking and were sent to 178p. The statement brought in buyers for other Carpet shares, with Carpet International rising 7p to 125p.

mines mark time

Market makers didn't

and Pacific Copper (80p), shares adding 2p and 4p respectively.

Although falls outnumbered rises in gold shares, reflecting easier bullion net losses limited to 5p. Buffels (167p) Harbrest (180p) were both up, as easier wildlife hardened a similar amount 585p.

[illegible][illegible][illegible]

Central Pensions Limited		
Prs. B.C. 199.5 192.5		
Prs. B.C. 199.5 192.5	01-486	9222
Fd. Aug. 1913 42613.82		
1914-15 32012.58		
1915-16 32534.34		
1916-17 32534.34		
1917-18 32534.34		
1918-19 32534.34		
1919-20 32534.34		
1920-21 32534.34		
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2004-05 32534.34		
2005-06 32534.34		
2006-07 32534.34		
2007-08 32534.34		
2008-09 32534.34		
2009-10 32534.34		
2010-11 32534.34		
2011-12 32534.34		
2012-13 32534.34		
2013-14 32534.34		
2014-15 32534.34		

\$ Yield %		\$ Yield %		\$ Yield %		\$ Yield %	
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[illegible]

<p>Monna Fund Management Ltd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Hill, Saml. & Co. (Guernsey) Ltd. 100, Glenbury Court, St. Heller Jersey, C.I. Guernsey Trust 134.7 141.4 & 128.1 167 P.O. Box 38, Girard Court, Guernsey, C.I. N.K. Overseas Fd. 52.0 54.7] - -</p>	<p>Anna Div. Fr. 65.9 69.52 & 50.4 Part 5 Fr. 167.0 168.00 Perf'd Div. Fr. 168.00 & 55.5 Globalised Sw. Fr. 86.00 87.50 Perf'd Sw. Fr. 86.00 & 55.5 Swift Sw. Fr. 158.00 159.00 & 40.0</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Hill, Saml. Overseas Fund S.A. 100, Glenbury Court, St. Heller Jersey, C.I. Net Asset Value U.S. \$101.00 101.75 - -</p>	<p>Nippon Special Holdings S.A. 100, Glenbury Court, St. Heller Jersey, C.I. Net Asset Value U.S. \$150.00 151.25 - -</p>
<p>Dreyfus Offshore Trust N.V. Box 70712, Nassau, Bahamas U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
<p>U.S. Int'l. Intercontinental Inv. Fd. 100, Glenbury Court, St. Heller Jersey, C.I. U.S. Int'l. Fd. 30.4 31.9] - -</p>	<p>Intermark Fund 1 39, Boulevard Royal, Luxembourg Int'l. Intermark 30.4 31.9] - -</p>	<p>North American Funds Nassau, Bahamas, Gerz. U.S. Int'l. Fd. 30.4 31.9] - -</p>
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Sept. 20	38.0	-----	-----	Set. Inv. Pd. Aug. 1953.5	36.0	-----	-----	111brange" wells, Acct.	0000	2211	0	Not available : exchange rate dum
Aug. 20	37.5	-----	-----	Set. An. Pd. July 1953.0	54.5	-----	-----	Reinsurance Prog. Bus.	106.7	-----	-----	collec.

F.T.-ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

Option Report and three-month "Call" rates

OPTION DEALING DATES

First Dealings	Last Dealings	For Settlement
Sept 1	Sept 13	Nov 25
Sept 1	Sept 13	Dec 2
Sept 1	Sept 13	Dec 21
Sept 1	Sept 13	Dec 31

The option market experienced a fairly active day's business. Among stocks dealt in for the day were British Leyland, Tesco, Laporte, British Leyland, Court Line, Plessey, Drakes, Armour Gold Fields.

EQUITY GROUPS		Tuesday, Sept. 7, 1971		Monday Sept. 6		Friday Sept. 3		Thursday Sept. 2		Wednesday Sept. 1		Year ago (approx.)		Highs and Lows Index	
GROUPS & SUB-GROUPS		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
CAPITAL GOODS GROUP (184)		160.96	+1.6	158.61	+1.7	157.47	+1.7	155.73	+1.7	154.00	+1.7	152.00	+1.7	150.00	+1.7
Aircraft and Components (3)		154.11	+1.6	151.88	+1.7	150.65	+1.7	149.42	+1.7	148.19	+1.7	146.00	+1.7	144.00	+1.7
Building Materials (28)		162.97	+2.5	160.74	+2.6	159.51	+2.6	158.28	+2.6	157.05	+2.6	155.00	+2.6	153.00	+2.6
Contracting and Construction (15)		209.08	+2.4	206.85	+2.5	205.62	+2.5	204.39	+2.5	203.16	+2.5	201.00	+2.5	199.00	+2.5
Electrical (ex. Electr. Rad. & TV) (13)		200.53	+0.8	198.30	+0.9	197.07	+0.9	195.84	+0.9	194.61	+0.9	192.00	+0.9	190.00	+0.9
Engineering (80)		147.84	+1.0	145.61	+1.1	144.38	+1.1	143.15	+1.1	141.92	+1.1	139.00	+1.1	137.00	+1.1
Machine Tools (15)		65.69	+0.5	63.46	+0.6	62.23	+0.6	61.00	+0.6	59.77	+0.6	57.00	+0.6	55.00	+0.6
Miscellaneous (25)		151.95	+1.0	149.72	+1.1	148.49	+1.1	147.26	+1.1	146.03	+1.1	143.00	+1.1	141.00	+1.1
CONSUMER GOODS (DURABLE) GROUP (54)		178.78	+1.1	176.55	+1.2	175.32	+1.2	174.09	+1.2	172.86	+1.2	170.00	+1.2	168.00	+1.2
Electronics (Radio and TV) (14)		191.25	+1.0	189.02	+1.1	187.79	+1.1	186.56	+1.1	185.33	+1.1	182.00	+1.1	180.00	+1.1
Household Goods (15)		196.48	+1.8	194.25	+1.9	193.02	+1.9	191.79	+1.9	190.56	+1.9	187.00	+1.9	185.00	+1.9
Motors and Distributors (27)		120.62	+1.7	118.39	+1.8	117.16	+1.8	115.93	+1.8	114.70	+1.8	112.00	+1.8	110.00	+1.8
CONSUMER GOODS (NON-DURABLE) GROUP (175)		171.83	+1.7	169.60	+1.8	168.37	+1.8	167.14	+1.8	165.91	+1.8	163.00	+1.8	161.00	+1.8
Breweries (21)		201.19	+1.8	198.96	+1.9	197.73	+1.9	196.50	+1.9	195.27	+1.9	192.00	+1.9	190.00	+1.9
Wines and Spirits (7)		185.84	+1.3	183.61	+1.4	182.38	+1.4	181.15	+1.4	179.92	+1.4	177.00	+1.4	175.00	+1.4
Entertainment and Catering (18)		124.34	+1.3	122.11	+1.4	120.88	+1.4	119.65	+1.4	118.42	+1.4	115.00	+1.4	113.00	+1.4
Food Manufacturing (24)		149.12	+1.3	146.89	+1.4	145.66	+1.4	144.43	+1.4	143.20	+1.4	140.00	+1.4	138.00	+1.4
Food Retailing (17)		190.26	+1.3	188.03	+1.4	186.80	+1.4	185.57	+1.4	184.34	+1.4	181.00	+1.4	179.00	+1.4
Newspapers and Publishing (15)		147.20	+1.3	144.97	+1.4	143.74	+1.4	142.51	+1.4	141.28	+1.4	138.00	+1.4	136.00	+1.4
Packaging and Paper (16)		183.97	+2.7	181.74	+2.8	180.51	+2.8	179.28	+2.8	178.05	+2.8	175.00	+2.8	173.00	+2.8
Stores (30)		165.12	+1.0	162.89	+1.1	161.66	+1.1	160.43	+1.1	159.20	+1.1	156.00	+1.1	154.00	+1.1
Textiles (21)		185.27	+2.3	183.04	+2.4	181.81	+2.4	180.58	+2.4	179.35	+2.4	176.00	+2.4	174.00	+2.4
Tobacco (3)		248.35	+1.9	246.12	+2.0	244.89	+2.0	243.66	+2.0	242.43	+2.0	239.00	+2.0	237.00	+2.0
Toys and Games (6)		45.01	-0.2	42.78	-0.3	41.55	-0.3	40.32	-0.3	39.09	-0.3	36.00	-0.3	34.00	-0.3
OTHER GROUPS															
Chemicals (19)		200.29	+2.7	198.06	+2.8	196.83	+2.8	195.60	+2.8	194.37	+2.8	191.00	+2.8	189.00	+2.8
Office Equipment (10)		202.80	+2.0	200.57	+2.1	199.34	+2.1	198.11	+2.1	196.88	+2.1	194.00	+2.1	192.00	+2.1
Shipping (10)		232.60	+1.6	230.37	+1.7	229.14	+1.7	227.91	+1.7	226.68	+1.7	223.00	+1.7	221.00	+1.7
Miscellaneous (unclassified) (44)		193.75	+1.7	191.52	+1.8	190.29	+1.8	189.06	+1.8	187.83	+1.8	185.00	+1.8	183.00	+1.8
INDUSTRIAL GROUP (499 SHARES)		176.84	+1.8	174.61	+1.9	173.38	+1.9	172.15	+1.9	170.92	+1.9	168.00	+1.9	166.00	+1.9
Oil (2)		241.45	+0.4	239.22	+0.5	237.99	+0.5	236.76	+0.5	235.53	+0.5	232.00	+0.5	230.00	+0.5
500 SHARE INDEX		190.44	+1.6	188.21	+1.7	186.98	+1.7	185.75	+1.7	184.52	+1.7	181.00	+1.7	179.00	+1.7

FINANCIAL GROUP (121)		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
Banks (6)		176.15	+1.3	173.92	+1.4	172.69	+1.4	171.46	+1.4	170.23	+1.4	167.00	+1.4	165.00	+1.4
Discount Houses (8)		178.14	+0.9	175.91	+1.0	174.68	+1.0	173.45	+1.0	172.22	+1.0	169.00	+1.0	167.00	+1.0
Hire Purchase (6)		208.65	+1.5	206.42	+1.6	205.19	+1.6	203.96	+1.6	202.73	+1.6	200.00	+1.6	198.00	+1.6
Insurance (Life) (9)		160.95	+1.5	158.72	+1.6	157.49	+1.6	156.26	+1.6	155.03	+1.6	152.00	+1.6	150.00	+1.6
Insurance (Composite) (9)		160.95	+1.5	158.72	+1.6	157.49	+1.6	156.26	+1.6	155.03	+1.6	152.00	+1.6	150.00	+1.6
Insurance (Brokers) (11)		181.09	+2.0	178.86	+2.1	177.63	+2.1	176.40	+2.1	175.17	+2.1	172.00	+2.1	170.00	+2.1
Investment Trusts (20)		201.65	+0.7	199.42	+0.8	198.19	+0.8	196.96	+0.8	195.73	+0.8	193.00	+0.8	191.00	+0.8
Merchant Banks, Issuing Houses (14)		177.61	+1.2	175.38	+1.3	174.15	+1.3	172.92	+1.3	171.69	+1.3	169.00	+1.3	167.00	+1.3
Property (31)		222.83	+1.1	220.60	+1.2	219.37	+1.2	218.14	+1.2	216.91	+1.2	214.00	+1.2	212.00	+1.2
Miscellaneous (9)		178.83	+3.7	176.60	+3.8	175.37	+3.8	174.14	+3.8	172.91	+3.8	170.00	+3.8	168.00	+3.8
ALL-SHARE INDEX (621 SHARES)		188.78	+1.5	186.55	+1.6	185.32	+1.6	184.09	+1.6	182.86	+1.6	180.00	+1.6	178.00	+1.6

COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices)		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
Rubbers (10)		214.75	+1.4	212.52	+1.5	211.29	+1.5	210.06	+1.5	208.83	+1.5	206.00	+1.5	204.00	+1.5
Teas (10)		94.70	+1.1	92.47	+1.2	91.24	+1.2	90.01	+1.2	88.78	+1.2	86.00	+1.2	84.00	+1.2
Coppers (4)		204.56	+0.8	202.33	+0.9	201.10	+0.9	199.87	+0.9	198.64	+0.9	196.00	+0.9	194.00	+0.9
Mining Finance (11)		93.94	+0.1	91.71	+0.2	90.48	+0.2	89.25	+0.2	88.02	+0.2	85.00	+0.2	83.00	+0.2
Tins (8)		71.04	-	68.81	-	67.58	-	66.35	-	65.12	-	62.00	-	60.00	-

FIXED INTEREST		Index	Yield	Index	Yield	Index	Yield	Index	Yield	Index	Yield	Index	Yield	1971	Since completion
Consols 2½% yield		81.89	7.91	80.66	8.00	79.43	8.09	78.20	8.18	76.97	8.27	74.00	8.36	72.00	8.45
20-yr. Govt. Stocks (8)		75.41	12.77	74.18	12.86	72.95	12.95	71.72	13.04	70.49	13.13	67.00	13.22	65.00	13.31
20-yr. Red. Debentures & Loans (15)		75.41	12.77	74.18	12.86	72.95	12.95	71.72	13.04	70.49	13.13	67.00	13.22	65.00	13.31
Investment Trusts Prefs. (15)		75.41	12.77	74.18	12.86	72.95	12.95	71.72	13.04	70.49	13.13	67.00	13.22	65.00	13.31
Commercial and Indust. Prefs. (20)		75.41	12.77	74.18	12.86	72.95	12.95	71.72	13.04	70.49	13.13	67.00	13.22	65.00	13.31

Section of Group		Base Date	Base Value	All Other	10/4/82	100.00
od Manufacturing		29/12/87	114.13			
od Retailing		29/12/87	114.13			
urance Brokers		29/12/87	96.87			
ing Finance		29/12/87	100.00			
mes and Spirits		16/1/70	144.78			
ys and Games		16/1/70	135.72			
ice Equipment		16/1/70	162.74			
ustrial Group		31/12/70	128.20			
eellaneous Financial		31/12/70	120.05			

UNIT TRUSTS (12)		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
Unit Trusts (12)		114.13	+1.4	111.90	+1.5	109.67	+1.5	107.44	+1.5	105.21	+1.5	102.00	+1.5	100.00	+1.5

IRON, COAL & STEEL (118)		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
Iron, Coal & Steel (118)		214.75	+1.4	212.52	+1.5	211.29	+1.5	210.06	+1.5	208.83	+1.5	206.00	+1.5	204.00	+1.5

MINES		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
Mines (118)		214.75	+1.4	212.52	+1.5	211.29	+1.5	210.06	+1.5	208.83	+1.5	206.00	+1.5	204.00	+1.5

Miscellaneous (175)		Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	Index	Change	1971	Since completion
Miscellaneous (175)		214.75	+1.4	212.52	+1.5	211.29	+1.5	210.06	+1.5	208.83	+1.5	206.00	+1.5	204.00	+1.5

Rhod. & E. Africa (28)		Index</
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F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS									
1971	Stock	Change	Price	Dividend	Yield	1971	Stock	Change	Price
"Shorts" (Lives up to Five Years)									
1001	1001	1001	1001	1001	1001	1001	1001	1001	1001
Five to Fifteen Years									
1002	1002	1002	1002	1002	1002	1002	1002	1002	1002
Over Fifteen Years									
1003	1003	1003	1003	1003	1003	1003	1003	1003	1003
Undated									
1004	1004	1004	1004	1004	1004	1004	1004	1004	1004
INTERNATIONAL BANK									
1005	1005	1005	1005	1005	1005	1005	1005	1005	1005
CORPORATION BONDS									
1006	1006	1006	1006	1006	1006	1006	1006	1006	1006
COMMONWEALTH AND AFRICAN BONDS									
1007	1007	1007	1007	1007	1007	1007	1007	1007	1007
PUBLIC BOARD AND OTHER BONDS									
1008	1008	1008	1008	1008	1008	1008	1008	1008	1008
FOREIGN BONDS & RAILS									
1009	1009	1009	1009	1009	1009	1009	1009	1009	1009
LONDON U.S. Dollar and DM Issues									
1010	1010	1010	1010	1010	1010	1010	1010	1010	1010
AMERICANS									
1011	1011	1011	1011	1011	1011	1011	1011	1011	1011
CANADIANS									
1012	1012	1012	1012	1012	1012	1012	1012	1012	1012
BUILDING INDUSTRY - Continued									
1013	1013	1013	1013	1013	1013	1013	1013	1013	1013
DRAPERY AND STORES - Continued									
1014	1014	1014	1014	1014	1014	1014	1014	1014	1014
ELECTRICAL AND RADIO									
1015	1015	1015	1015	1015	1015	1015	1015	1015	1015
CHEMICALS, PLASTICS, ETC.									
1016	1016	1016	1016	1016	1016	1016	1016	1016	1016
CINEMAS, THEATRES AND TV									
1017	1017	1017	1017	1017	1017	1017	1017	1017	1017
DRAPERY AND STORES									
1018	1018	1018	1018	1018	1018	1018	1018	1018	1018
ENGINEERING AND METAL									
1019	1019	1019	1019	1019	1019	1019	1019	1019	1019
FOOD, GROCERIES, ETC.									
1020	1020	1020	1020	1020	1020	1020	1020	1020	1020
HOTELS AND CATERERS									
1021	1021	1021	1021	1021	1021	1021	1021	1021	1021

مكتبة النجف

NTAS Continued

Deatings

Index rose 7.6 to 430.8

THE LEX COLUMN

Specialist strengths prop TDG

The equity market has now dutifully played out the formulae suggested for a self-feeding rise in prices, with progressive strength on rising volume taking the all-share index clear into all time high ground (1 per cent above the July high and 4 per cent above the old January, 1969 peak) and the other major FT indices to new 1971 highs. By its nature, a further significant rise now would be liable to correct itself shortly.

However, the surplus of money supply, which is a necessary dynamo for share prices now, has produced such a shift in the interest rate structure that this is being argued as a fundamental change permitting higher equity levels. Sufficient to say that the updated, with now yield significantly less than the long redeemables, with the Consols 2½ yield at 8.75 per cent. That is 14 per cent less than the 10 per cent yield proposed for the £15m. loan placing from Guinness and the market was in no doubt that the coupon was simply wrong. The

TDG

Transport Development Group profits were marginally down after two months of 1971, and the same is true after six months with £3.98m. pre-tax after £4.09m. on unchanged revenue. That is good going considering the weakness of the road haulage market, 43 per cent of last year's profits, and remembering what Powell Duffryn had to say about transport costs. In some areas of general haulage works, up to 15 per cent of the fleet has been laid up—a good bit less than for some of the competition, at least—and rates have actually been falling: hard times in Central Scotland alone may have knocked around £300,000 off profits.

TDG's strength, however, lies in its purpose-built and specialist vehicles—tankers, re-

frigerated lorries and so on—which account for as much as three-quarters of its fleet, and where competition is much less severe. Elsewhere, storage has been holding its own, steel reinforcement is moving ahead and the overseas companies, which adopt earlier accounting periods, could chip in something approaching £300,000 extra this year, a rise of nearly a third.

The news that profits now are comparable to the first half rate is less cheery, given the usual small seasonal bias and the latest series of acquisitions. Yet there is no evidence of a further deterioration in haulage, even if there is also no sign of an improvement. The dock strike took out £150,000 or so a year ago, and overall earnings could still come out within a whisker of 1970's level at, say, 4.5p a share. The shares fell 4½p yesterday, but if they were worth 85½p on Monday, they are certainly worth 81p and a prospective p/e of perhaps 17½ to-day.

Ralli International

With £221m. pre-tax in the first half against £135m., Ralli has roughly matched last year's second half total. Part of the jump in the second six months last year was of course due to the inclusion of Fordham (a notional fig.): for the rest, a strong seasonal bias would be consistent with a continued growth pattern in this first half. 1971 as a whole will be a year of shifting out of liquid assets in the U.K. into earnings situations overseas, particularly the Far East and Australia, where over £4m. has been spent this year with the benefits to be felt exclusively in the second half: the acquisition of Duncan Fox in August amounted to a boost to the liquidity available for this purpose. The moves to date should be worth an annual 1p a share on top of last year's effective earnings rate of 8p and meanwhile the estimate for the year might be £5m. pre-tax which would imply reported earnings of 9p a share against 7½p.

Up 6p to 141p yesterday

before the results, the shares then could be sporting a prospective p/e of 15½ and the group's image is now coherent enough to allow for a higher rating provided there is no sign of a serious faltering by the commodity trading interests contributing rather over half the earnings. The remaining interests in Australia, the Far East and U.K. property companies provide a credible enough growth spread.

Provident Clothing

The story is as before at Provident Clothing: a rise of almost 15 per cent in first half profits before tax to £1.65m. is right in line with the average growth rate over the last five years. There are few signs that high unemployment is having much effect on the volume of business, except perhaps that the greater insecurity could be impeding the swing from checks to the longer term vouchers; bad debts, at any rate, are no worse. And though the ending of statutory hire purchase down payments could theoretically affect

the group—to the extent that Provident has increased its market share at the expense of HP in the years of tight credit—there is no hard evidence of any such trend. Meanwhile margins have the benefit of last year's rise in voucher charges.

With a much lower borrowing ratio than the major finance houses, however, Provident is not in a position to get any substantial boost from falling interest rates; a saving of perhaps £150,000 this year in interest on short term borrowings is small against 1970 profits of £4m. pre-tax. So, assuming no more than 15 per cent growth for the full year at the pre-tax level, making £4.6m., the prospective p/e would be as high as 20 at 270p, with an earnings gain from 11.2 to 13.3p a share. This is a demanding rating, but it does look as though Paybonds, now wholly owned but not yet consolidated, and the People's Bank, which started operations last month, could make their presence felt over the next two to three years.

Retail sales and HP hit year's peak in July

BY DAVID WALKER

SIGNS of an end to the sluggish pattern of retail trade this year emerged yesterday with the publication of Department of Trade and Industry figures showing that July saw the heaviest volume of retail sales since December, 1970.

In the month, according to the DTI, new instalment credit business extended to finance houses and retailers also reached a peak for the year.

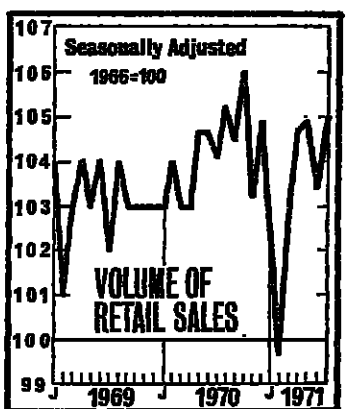
Nonetheless, reports from leading retailing groups yesterday made it clear that there is still nothing approaching a general spending spree following the mini-Budget of July 19, despite high sales of cars and television sets.

As was to be expected, the easing of hire-purchase terms made possible by the Government's measures appears to have had considerably more impact than the purchase-tax cuts.

Remarkable Thus, Selfridges described hire-purchase business as "quite remarkable" since the mini-Budget, with "a remarkable effect" on sales of such things as furniture, carpets, and colour television sets. That had come despite little significant change in the level of ordinary cash sales.

For currencies outside the First Eleven group even reputable banks will frequently be found operating on the basis of far bigger margins than this—that is up to 30 per cent or more. And taking their cue from the banks, other money-changers are apt to indulge in even greater excesses—particularly during the week-end banking shut-down.

Both colour and black-and-white television sales had been exceptionally high, with black-and-white sets running at a better rate than ever at this time of year, particularly as far as portable sets were concerned.



the four weeks to August 28 to have seen a 1.6 per cent rise in value in the corresponding period last year, with a 32.4 per cent. rise in food sales.

One side of business which has gone against the general trend is personal export for overseas tourists to Britain, which appears to have been hit significantly by the dollar crisis.

The DTI figures themselves give the seasonally-adjusted index of the volume of retail trade in July as a provisional 105.196—100, 1.6 points up on the June figure but under one point higher than a year earlier.

Significant All the advance came in non-food trading, with food sales dropping a further 0.1 point since June. Much of the increase was in turnover by durable-goods shops, which again suggests some influence by the mini-Budget measures.

The normally more significant three-monthly comparison from the beginning of May is distorted by those measures, but shows a 1.9 per cent advance on the previous three months. The average for that period, however, was little changed from the 104.2 mean for the whole of last year.

New instalment credit extended went up by £15m. to £122m. between June and July following an increase of only £12m. the previous month. Of that jump, £9m. was accounted for by retailers.

The total amount outstanding to both retailers and finance houses at the end of July was £1.470m. compared with £1.405m. at the end of June and 25 per cent more than three months earlier.

Pergamon issues surprise optimistic report

BY KENNETH GOODING

"AT LAST Pergamon Press shareholders can see the light at the end of the tunnel," declared director Mr. Alastair Thomson last night following publication of the report and accounts for 1970 which surprised the City by its optimistic tone.

The report makes it clear that, in spite of former chairman and founder Mr. Robert Maxwell's decision not to stand for re-election at the annual meeting on September 30, Pergamon's deal with his American company, Maxwell Scientific International, will go ahead as arranged.

As a result of this Pergamon will regain Boardroom control of its U.S. subsidiary, Pergamon Press Inc. These moves are important in view of the London Stock Exchange's requirement that the MSL dispute be settled, that Pergamon regain control of PPI and that Pergamon published its report and accounts for the year to September 30, 1970, before any reorganisation of the shares—suspended since the summer of 1968—could be considered.

Qualified Although the report makes no mention of an application for reorganisation, Mr. Thomson stressed that the Board still had the matter very much in mind "when the time is ripe." Once again the accounts are heavily qualified by the auditors Cooper Brothers and Co. but Mr. Thomson maintained Pergamon could satisfy the Stock Exchange on the points raised if it was necessary.

Mr. Thomson said that the company's accounts were themselves state that deficiencies in accounting and bookkeeping by Pergamon "had been substan-

tially rectified by the year end." The accounts confirm widespread rumours that Pergamon's loss was going to be much greater than the one of £1,324,000 forecast by the Board about a year ago. For the 12 months to September 30, 1970, the loss was £2,334,000 against a loss of £1,991,000 in the previous 12 months.

The difference between the forecast and the actual outcome is almost entirely accounted for by a change in the way Pergamon is valuing its stocks of books. This resulted in an adjustment of £368,000 in respect of the U.K. book stocks and one of £287,000 in those of PPI—giving a total of £1,155,000 to be added to the losses for 1970.

For the current financial year the Pergamon Board is now looking for a pre-tax profit of not less than £200,000 compared with the £34,000 forecast a year ago. Chairman Sir Henry d'Avigdor-Goldsmid comments: "We feel that a solid base has been established within the group for the sound growth of profits and the development of your company in its chosen field."

He says that, following disposals, Pergamon is now essentially a publisher of scientific and technical books and journals.

There is no hint in the report as to why Mr. Maxwell has decided to stand down from the Pergamon U.K. Board at the annual meeting although he has not denied suggestions that this is to avoid controversy following publication of a recent Department of Trade report in which he was criticised. (He has taken legal steps in an attempt to have the report set aside.)

Mr. Maxwell left for Yugoslavia before the Pergamon re-

port was published last night but left behind a statement in which he said he was glad the differences between himself and the Pergamon Board had been settled.

"I will continue to strive to make a positive contribution to bring Pergamon back to its previous progress and prosperity," the statement added.

Asked if Mr. Maxwell still planned to make a bid for Pergamon, a spokesman stated: "He will be making a statement regarding his intentions around the time of the annual meeting."

The Pergamon balance sheets show that the group made a trading loss of \$894,000 for the year to September 30, 1970, on sales of £10.8m. Exceptional items of £1,333,000 helped to produce a loss for the year of £2,334,000.

On September 30, 1970, Pergamon is shown as having an excess of liabilities over its assets of £462,000.

The chairman points out that at that date Pergamon was within its borrowing limits but as a result principally of the increase in the debit balances on reserves from £2,033,000 to £4,367,000, the limit has now been exceeded and shareholders will be asked to approve changes in the borrowing powers at the annual meeting.

Diplomat joins P & O group MR. DENYS Downing Brown, previously in the Diplomatic Service, has joined the P & O shipping group as director of international relations in succession to Mr. T. F. Bird who will retire soon.

Mr. Brown will give advice and background information to the Board of P & O and to top management on international and governmental matters. He will also head the group's information and public relations services.

Continued from Page 1

A new Ulster initiative by Maudling

Northern Ireland was bound to be impeded so long as violence and intimidation continued; and the purpose of internment was to restore to Northern Ireland the necessary degree of stability for further political advance.

"The Border is not an issue," he insisted. "Nor is the constitutional position of Northern Ireland as part of the U.K., and within this framework the principle of a democratically-elected assembly based on universal adult suffrage."

Senior British Ministers do not think it necessary to have Mr. Lynch's active encouragement for the talks. They are convinced that the minority as much as anyone in Northern Ireland wants to end the terrorism and violence and will therefore cooperate to bring this about.

The hope is that because the talks are sponsored by the Westminster Government, as well as Stormont, the minority will feel that a genuine attempt is being made to meet its grievances.

Mr. Lynch, speaking at the Irish Embassy, said he had suggested to Mr. Heath that a four-sided meeting, including representatives of his own Government and of the Catholic minority in Ulster, would have a better chance of securing the changes that were needed.

But with most "foats" being more or less strictly controlled by the monetary authorities of the countries concerned, there is almost no prospect of rates fluctuating—taking one day with another—so violently that margins of the order of those now being enforced in business with the general public can be justified.

Bearing in mind the severe nature of the penalty the spread of such practices is apt to impose on tourist traffic, this is a matter that will have to receive official attention if there is any prospect of the floating rate phase lasting for any length of time—and at the moment there are indications that it is likely to be terminated in the near future.

Obviously it will not be easy to devise arrangements to provide full protection in every case. But it should be possible to ensure that, in broad terms, the public receives a fair deal.

In the meantime, travellers should recognise that they will have to make their travel money arrangements with more than usual care if they are not to expose themselves to victimisation. There is a stronger case than there has been hitherto for getting one's travellers' cheques expressed in Swiss francs. And it is also important to minimise one's dependence on frontier exchange offices and hoteliers by stocking up in the foreign money one needs during banking hours.

the majority. And I want to persuade Stormont by peaceful means towards it."

But Stormont had to be re-structured, said Mr. Lynch. "This is not a healthy democracy. It is not a healthy democracy. It is not a healthy democracy."

Questioned about the activities of the IRA, Mr. Lynch said that his Government was taking all possible steps to stop illegal arms crossings, and IRA members were being prosecuted for any offences in the Republic.

He added that his suggestion that the Border should be patrolled by the United Nations had been made as a sign of his good faith.

Of violence in Ulster, he said that he had told Mr. Heath that internment would worsen the situation. "That has happened. But there is no indication of a change of policy."

He had stressed in the talks that the Northern Ireland minority now felt that British troops were being used to support a Government with which they were disillusioned and frustrated.

He had also pointed out to Mr. Heath the "huge number of guns" in the hands of the Ulster majority. "He did not respond."

Mr. Harold Wilson saw Mr. Lynch for about an hour at the Irish Embassy last night. The Opposition Leader told Mr. Lynch that he intended to make a speech on Northern Ireland tonight.

But the main purpose of their meeting was for Mr. Wilson to hear Mr. Lynch's views. Mr. Wilson said later he would make "a very full statement" on Northern Ireland to-night, and would not comment till then.

position as part of the U.K. Immediate reaction to Stormont last night to Mr. Lynch's remarks that the only means of improving the situation in Ulster was reunification was one of total incredulity.

The Northern Ireland Government responded by saying that the Lynch's suggestions and showing a complete lack of understanding of the situation. It argues that the vast majority of people in the Province are totally opposed to reunification.

What should be now acknowledged by Mr. Lynch was that Stormont was emphasising its willingness to consider further means by which the Roman Catholic minority could be given greater role and responsibility in public affairs.

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DUBLIN

Dominic Coyle writes from Dublin: The absence of any very tangible and immediate results from the Chequers talks is bound to lead to considerable public disappointment here. It will also reinforce the position of the ruling Fianna Fail party and elsewhere in the country, who have all along insisted that "No deal is possible with the British Tories."

However, the Government as a whole will be less pessimistic, since Ministers had a clear indication in advance that agreement on a significant political initiative over Northern Ireland was highly unlikely.

Mr. Lynch's claim that reunification of Ireland through peaceful means was the only permanent solution to the Ulster crisis was no doubt intended primarily for consumption here. No Irish Prime Minister, and certainly no Leader of the Fianna Fail Party, could neglect this assertion.

Equally, and as reported in the Financial Times before the talks, Mr. Lynch and his officials had no great hopes that the Heath Government would depart from the clearly expressed view of the previous U.K. Administrations, including the last Labour Government, that Dublin could have no direct say in the determination of policy over Northern Ireland.

To that extent officials here tonight see Mr. Heath's offer to keep the Government closely in touch with all developments over the North as a distinct improvement in Anglo-Irish relations. It is much less than the Government demanded, but it is something of a British concession.

Mr. Maudling's intention (according to Mr. Lynch) to convene a meeting representative of all shades of opinion in the Province, is seen by moderates in Dublin as something of a political initiative. As a preliminary move it is in line with the Government's minimal anticipations (in private) about the outcome of the Chequers discussions, although it had been decided in advance that Mr. Lynch would pitch his demands clearly and in full.

However some doubts are felt as to whether members of the Social Democratic and Labour Party (SDLP) will participate in such discussions. Mr. Gerry Fitt, the party leader, who is undergoing treatment in a Dublin hospital, said to-night that there would probably be a meeting (at the hospital) of the SDLP members in the next few days to determine the party's attitude.

The British rejection of quadrilateral talks comes as no great surprise in informed political circles in Dublin. Indeed, it is believed that this demand was rather foisted on the Government itself by the abstentionist Stormont Opposition MPs and senators. Many of the Government's own advisers considered that a series of bilateral talks on Northern Ireland was the most that could be hoped for, in view of the "constitutional stone-wall" against any direct Dublin involvement in an eventual political situation.

Finally, fears are felt here to-night that the apparent deadlock between the two Premiers on matters of real substance will add to the frustrations of the Northern minority and further assist the IRA terrorists in their threat to escalate the violence.

Mr. Liam Cosgrave, the principal Opposition Leader in the Dail, said it appeared that the Chequers meeting had achieved little of real substance. Mr. Lynch himself, in an interview from London on the State radio, said he was not entirely happy with the talks, but that he had found them interesting. There would, he said, be further top-level discussions.

Commonwealth monetary talks Financial Times Reporter

THE INTERNATIONAL monetary crisis will be the central subject of discussion at this year's annual meeting of Commonwealth Finance Ministers, which takes place on September 23 and 24 at Nassau in the Bahamas.

According to Mr. Arnold Smith, Commonwealth Secretary General, the Ministers will also review the progress in Britain's EEC negotiations and the proposed link between Special Drawing Rights and development finance.

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